

**REPORT ON
PLEASANT VALLEY SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2023**

PLEASANT VALLEY SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheads ville, PA 18322

We have performed the Single Audit of the Pleasant Valley School District for the fiscal year ended June 30, 2023, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniform Guidance, explained above, and our report thereon.

Respectfully submitted,

Gorman & Associates, P.C.

December 21, 2023

REPORT DISTRIBUTION LIST

The Pleasant Valley School District has distributed copies of the Single Audit Act Package to:

ONE COPY TO: FEDERAL AUDIT CLEARINGHOUSE
(Electronically Submitted) GENERAL SERVICES ADMINISTRATION

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Electronically Submitted) OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO: COLONIAL INTERMEDIATE UNIT
6 DANFORTH DRIVE
EASTON, PA 18042

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheads ville, PA 18322

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Pleasant Valley School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Pleasant Valley School District, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Pleasant Valley School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 2-G to the financial statements, in 2022-23, the District adopted new accounting guidance, GASB Statement No. 96, SBITA's. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

PLEASANT VALLEY SCHOOL DISTRICT

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pleasant Valley School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pleasant Valley School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Pleasant Valley School District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-14, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 77-84, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pleasant Valley School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2023, on our consideration of the Pleasant Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Pleasant Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Pleasant Valley School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
November 29, 2023

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2023**

The discussion and analysis of Pleasant Valley School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. This summary is designed to a) assist the reader in focusing on significant financial issues, b) provide an overview of the District's financial activity, c) identify changes in the District's financial position, d) identify any material deviations from the approved budget, and e) identify individual fund issues or concerns.

FINANCIAL HIGHLIGHTS

The total net position of the District for governmental activities was (\$28,244,324), increasing by \$23,421,444 over the prior fiscal period. In the General Fund, the revenues in the amount of \$112,497,798 were sufficient to cover the governmental expenses of \$89,076,354. The total net position of the District for business-type activities was (\$996,107) increasing by \$411,848 over the prior fiscal period. Total revenues in the amount of \$2,488,421 were sufficient to cover the business-type expenses of \$2,076,573. As of June 30, 2023, the school district had a negative total net position of (\$29,240,431) for governmental and business type activities. This negative net position is the result of the mandated implementation of Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting of Pensions. This statement requires governmental employees that sponsor defined benefit pension plans, in this case, the Pennsylvania School Employees Retirement System or PSERS, to recognize a net pension liability on its statement of net position. The District's prorated share of the PSERS net unfunded liability is \$127,309,548 for governmental activities and \$2,198,130 for business type activities.

During the year, the District revenues were \$9,967,141 more than budgeted revenues, due to revenues from local, state, and federal sources. Expenditures were \$3,134,116 less than the budget.

The Pleasant Valley School District Board of Education is assessing its building needs and is planning updates to existing buildings.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements.

• *Government-Wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or declining.

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Table 1 reflects the condensed Statement of Net Position for the years ended 2023 and 2022.

**Table 1
Condensed Statement of Net Position
Fiscal Years Ended June 30, 2023 and June 30, 2022**

	2023			2022			
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total	
Current and other assets	\$ 60,527,473	\$ 957,495	\$ 61,315,545	\$ 46,398,957	\$ 694,706	\$ 46,917,722	(1)
Non-current assets	78,311,849	152,039	78,463,888	79,376,655	122,913	79,499,568	
Deferred Outflow of Resources	16,425,042	342,006	16,767,048	21,566,690	300,568	21,867,258	
Total Assets & Deferred Outflow of Resources	\$ 155,264,364	\$ 1,451,540	\$ 156,546,481	\$ 147,342,302	\$ 1,118,187	\$ 148,284,548	
Current and other liabilities	\$ 15,873,788	\$ 91,692	\$ 15,796,057	\$ 17,922,637	\$ 51,528	\$ 17,798,224	(1)
Non-current liabilities	161,351,515	2,257,182	163,439,274	149,993,232	2,169,497	152,162,729	
Deferred Inflow of Resources	22,157,173	190,465	22,347,638	31,092,201	305,117	31,397,318	
Total Liabilities & Deferred Inflow of Resources	199,382,476	2,539,339	201,582,969	199,008,070	2,526,142	201,358,271	
Net Position							
Net Investment in Capital Assets	67,875,248	152,039	68,027,287	68,736,139	122,913	68,859,052	
Restricted For:							
Retirement of Long-term debt	-	-	-	-	-	-	
Capital Projects	8,543,147	-	8,543,147	3,941,312	-	3,941,312	
Other Restrictions	-	-	-	-	-	-	
Unrestricted	(104,662,719)	(1,148,146)	(105,810,865)	(124,343,219)	(1,530,868)	(125,874,087)	
Total Net Position	(28,244,324)	(996,107)	(29,240,431)	(51,665,768)	(1,407,955)	(53,073,723)	
Total Liabilities, Deferred Inflow of Resources & Net Position	\$ 155,264,364	\$ 1,451,540	\$ 156,546,481	\$ 147,342,302	\$ 1,118,187	\$ 148,284,548	

(1) The amounts in the total columns include the internal balances reported in the individual Activity columns.

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The statement of activities, in Table 2, presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal period (e.g. uncollected taxes and earned, but unused, compensated absences).

**Table 2
Changes in Net Position
For the Years Ended June 30, 2023 and June 30, 2022**

	2023			2022		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
REVENUES						
<i>Program Revenues:</i>						
Charges for services	\$ 82,148	\$ 211,792	\$ 293,940	\$ 158,337	\$ 154,373	\$ 312,710
Operating Grants	24,378,407	2,180,645	26,559,052	21,344,697	2,297,864	23,642,561
Capital Grants	-	-	-	-	-	-
<i>General Revenues:</i>						
Property taxes levied for general purposes	50,854,064	-	50,854,064	49,588,356	-	49,588,356
Taxes levied for specific purposes	5,284,461	-	5,284,461	5,005,690	-	5,005,690
Grants, subsidies and contributions not restricted	28,951,892	-	28,951,892	27,128,269	-	27,128,269
Investment earnings	2,250,883	15,962	2,266,845	110,342	1,320	111,662
Miscellaneous	751,037	25,178	776,215	785,285	9,845	795,130
Other	(55,094)	54,844	(250)	(35,987)	35,987	-
TOTAL REVENUES	112,497,798	2,488,421	114,986,219	104,084,989	2,499,389	106,584,378
PROGRAM EXPENSES						
Instruction	52,991,177	-	52,991,177	59,222,202	-	59,222,202
Instruction Student Support	5,918,769	-	5,918,769	7,023,024	-	7,023,024
Administrative and Financial Support	7,019,272	-	7,693,433	7,597,375	-	7,693,433
Operation and Maintenance of Plant Services	9,418,468	-	9,418,468	8,547,245	-	8,547,245
Pupil Transportation	8,702,826	-	8,702,826	7,497,842	-	7,497,842
Student Activities	1,246,364	-	1,246,364	1,342,104	-	1,342,104
Community Services	613,491	-	613,491	613,909	-	613,909
Interest on Long-Term Debt	313,069	-	313,069	308,451	-	308,451
Unallocated Depreciation	2,852,918	-	2,852,918	2,824,033	-	2,824,033
Food Service	-	2,076,573	2,076,573	-	1,953,961	1,953,961
TOTAL EXPENSES	89,076,354	2,076,573	91,827,088	94,976,185	1,953,961	97,026,204
Increase (decrease) in Net Position	23,421,444	411,848	23,833,292	9,108,804	545,428	9,654,232
Prior Period Adjustment	-	-	-	-	-	-
Net Position - Beginning	(51,665,768)	(1,407,955)	(53,073,723)	(60,774,572)	(1,953,383)	(62,727,955)
Net Position - Ending	\$ (28,244,324)	\$ (996,107)	\$ (29,240,431)	\$ (51,665,768)	\$ (1,407,955)	\$ (53,073,723)

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Governmental Activities

The increase of \$23,421,444 in net position of governmental activities was the result of an increase in total assets and deferred outflow of resources.

The District's food service program showed an increase in net position of \$411,848 for year-end 2023. This increase is a result of revenues exceeding expenses for the 2022-2023 year in the amount of \$411,848. Expenses increased by \$122,612 from \$1,953,961 in 2022 to \$2,076,573 in 2023. Revenues increased by 1% while expenses increased by 6%. The increase in revenues was due the District began participating in the Community Eligibility Provision (CEP) Program, the Governor's Universal Free Breakfast Program and the implementation of the Keep Kids Fed Act during the 2022-2023 school year.

Both of the governmental-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities include all of the District's instructional programs and support services except for its food service program, which is considered a business-type activity.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting. The District uses several different types of funds, but the two most significant types are the governmental and proprietary fund types.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the District's major funds, which are the General fund and Capital Projects funds. The District's non-major funds include the Western Pocono Library fund.

The District adopts an annual budget for its General fund. This adoption, by law, occurs prior to June 30 of each year for the subsequent fiscal year. A comprehensive budgetary comparison, original to final is provided in this report. Below is the summarized version of the budget comparison for 2022-2023:

	Budget Amounts		Actual (GAAP Basis)	Variance with Final Budget Positive (Neg.)
	Original	Final		
Revenues	\$ 102,102,821	\$ 102,102,821	\$ 112,069,962	\$ 9,967,141
Expenditures	99,502,821	100,302,821	97,168,705	\$ 3,134,116
Excess (Deficiency) of Revenues Over				
Expenditures	2,600,000	1,800,000	14,901,257	13,101,257
Other Financing Sources/Uses	(2,600,000)	(1,800,000)	(3,411,859)	(1,611,859)
Special Items	-	-	-	-
Extraordinary	-	-	-	-
Net Change in Fund Balances	-	-	11,489,398	11,489,398
Fund Balance – Beginning	14,831,841	14,831,841	18,620,946	3,789,105
Fund Balance – Ending	\$ 14,831,841	\$ 14,831,841	\$ 30,110,344	\$ 15,278,503

Proprietary Funds

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary Funds

The District is the trustee, or fiduciary, for its scholarship program. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

GENERAL FUND BUDGETARY HIGHLIGHTS

The District prepares a budget each year for its General fund according to Pennsylvania law. The budget complied with all applicable Commonwealth laws and financial policies approved by the Board of School Directors.

The General fund's originally approved budget for 2023 included \$102,102,821 in revenues, \$100,302,821 in expenditures and a beginning unreserved fund balance available for appropriation in the amount of \$18,620,946.

The actual revenues received for 2023 were \$112,069,962 or approximately 9.0% higher. The final actual expenditures to the budget amounted to \$97,168,705, a variance from the budget of \$3,134,116 or an expenditure rate of 3.0%.

Differences between the final budget and actual results for the general fund were:

- Local revenues increased from the original budget due to actual collection of school and delinquent real estate taxes.
- State revenues increased from the original budget. These subsidies are based on formulas as established by the Pennsylvania Department of Education that utilize demographical statistics and actual payments.
- Federal revenues increased from the original budget due to ARP ESSER Funding.
- The 3.0% expenditure rate was due primarily to 1) decreased expense for charter school tuition being below budget. These decreased expenditures are attributed to the bringing students back to brick and mortar from outside charter schools.

FINANCIAL ANALYSIS OF MAJOR FUNDS

GENERAL FUND

The following chart represents a summary of general fund revenue, by source, along with changes from 2022:

	2023 Amount	2022 Amount	Increase (Decrease)	% Change
Local Sources	\$ 59,593,520	\$ 56,079,663	\$ 3,513,857	6.3%
State Sources	49,195,720	44,562,424	\$ 4,633,296	10.4%
Federal Sources	3,280,722	3,219,188	\$ 61,534	1.9%
Other Sources	1,068,982	486,480	\$ 582,502	119.7%
TOTAL	<u>\$ 113,138,944</u>	<u>\$ 104,347,755</u>	<u>\$ 8,791,189</u>	<u>8.4%</u>

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

Local Sources

The increase in local sources was \$3,513,857, or 6.3%. This increase is due to an increase in school and delinquent real estate property tax collections.

State Sources

The increase in state sources was \$4,633,296 or 10.4% this increase was driven by an increase in several state subsidies.

Federal Sources

The increase in federal sources was \$61,534 or 1.9%

General fund expenditures totaled \$97,168,705, which represents a decrease of \$2,712,222 or 2.0% from 2021-2022. The following represents a summary of general fund expenditures for the year ended June 30, 2023 by function, along with changes from 2021-2022.

	2023 Amount	2022 Amount	Increase (Decrease)	% Change
Instruction	\$ 59,945,347	\$ 64,041,586	\$ (4,096,239)	-6.4%
Support Services	34,119,572	33,007,988	\$ 1,111,584	3.4%
Noninstructional	1,425,770	1,462,171	\$ (36,401)	-2.5%
Facilities Acquisition	-	7,100	\$ (7,100)	100.0%
Other Financing Uses	6,158,857	2,148,069	\$ 4,010,788	186.7%
TOTAL	\$ 101,649,546	\$ 100,666,914	\$ 982,632	1.0%

Instruction

Decreases in instructional expenses were primarily due to decreases in all instructional areas: regular and special education, vocational and other programs.

Support Services

Increases in support services were due to contractual salary increases and related benefits as described above under instruction.

Non-instructional Services

These decreased expenditures are attributed to the bringing students back to brick and mortar from outside charter schools.

Facilities Acquisition, Construction and Improvement Services

Each year, this service area fluctuates depending upon the needs of the district. There were \$61,977 of improvement services that occurred during the 2022-2023 year.

Other Financing Uses

The increased expenses are due to scheduled debt service payments.

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

CAPITAL PROJECTS FUND

The District's capital projects fund accounts for financial resources expended to acquire or construct property or equipment

CAPITAL RESERVE FUND

The District's capital reserve is established under 53 P.S. 1432 of the Municipal Code. Under this section, the fund is legally restricted to capital improvements, replacements and additions to public works, deferred maintenance, purchase or replacement of school buses, debt service repayment and lease agreement obligations. During 2023, expenditures of \$39,452 were made from this fund. The June 30, 2023 balance was \$8,543,147.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2023 is summarized in Table 3 below.

**Table 3
Capital Assets
For the Years Ended June 30, 2023 and June 30, 2022**

	2023			Total % Change	2022		
	Govern- mental Activities	Business- Type Activities	Total		Govern- mental Activities	Business- Type Activities	Total
Land	\$ 1,724,661	\$ -	\$ 1,724,661	0.00%	\$ 1,724,661	\$ -	\$ 1,724,661
Site Improvements	1,439,654	-	1,439,654	-1.70%	1,464,546	-	1,464,546
Building and Bldg. Improve- ments (net Acc. Dep.)	68,071,847	-	68,071,847	-3.92%	70,851,432	-	70,851,432
Furniture and Equipment (net Acc. Dep.)	1,345,288	122,913	1,468,201	15.66%	1,146,493	122,913	1,269,406
Intangible Right to Use Equipment	958,377	-	958,377	100.00%	324,320	-	324,320
Construction in Progress	333,872	-	333,872	100.00%	-	-	-
TOTAL	\$ 73,873,699	\$ 122,913	\$ 73,996,612	-2.17%	\$ 75,511,452	\$ 122,913	\$ 75,634,365

LONG TERM DEBT

At June 30, 2023, the District had \$8,714,087 in outstanding bonds and note obligations. The District's bonds have an "A+" rating from the Standard and Poor's Rating Group.

In addition, the long term portion of compensated absences totaled \$1,646,957; liability for other post-employment benefits totaled \$1,102,812 and net pension liability totaled \$114,476,187, and net OPEB liability for single and multiple employer plans totaled \$20,795,269; and lease obligations of \$946,734.

**PLEASANT VALLEY SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

FACTORS EXPECTED TO HAVE AN EFFECT ON FUTURE OPERATIONS

While the District experienced significant student growth over many years, the past several years have shown a decrease in student population. A small increase in student enrollment occurred during the 2022-2023 school year. A review of the enrollment is shown in the table below. Because of the current national economic conditions, the district anticipates that district enrollment will remain consistent over the next few years.

Pupil Enrollment – Historical			
School Year	Elementary	Secondary	Total
1998-99	3,118	2,589	5,707
1999-00	3,221	2,671	5,892
2000-01	3,294	2,835	6,129
2001-02	3,360	2,995	6,355
2002-03	3,507	3,209	6,716
2003-04	3,494	3,403	6,897
2004-05	3,466	3,558	7,024
2005-06	3,411	3,547	6,958
2006-07	3,332	3,436	6,768
2007-08	3,181	3,375	6,556
2008-09	3,103	3,298	6,401
2009-10	2,773	3,112	5,885
2010-11	2,715	3,071	5,786
2011-12	2,594	2,944	5,538
2012-13	2,532	2,903	5,435
2013-14	2,395	2,998	5,393
2014-15	2,342	2,648	4,990
2015-16	2,279	2,584	4,863
2016-17	2,257	2,542	4,799
2017-18	2,196	2,408	4,604
2018-19	2,221	2,301	4,522
2019-20	2,194	2,199	4,393
2020-21	1,791	2,001	3,792
2021-22	1,773	2,312	4,085
2022-23	1,854	2,349	4,203

The District is continuing a building plan to provide for adequate resources for the students. Future plans will depend upon actual student enrollment.

REQUESTS FOR INFORMATION

Our financial report is designed to provide our citizens, taxpayers, parents, students, staff, investors and creditors with a general overview of the District's financial condition and to provide accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the, Business Manager/Board Secretary at Pleasant Valley School District, 2233 Route 115, Brodheadsville, PA 18322, (570) 402-1000, ext. 1260.

BASIC FINANCIAL STATEMENTS

Pleasant Valley School District
Statement of Net Position
As of June 30, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 50,493,598	\$ 765,387	\$ 51,258,985
Investments	257,815	-	257,815
Receivables, Net	4,346,049	-	4,346,049
Internal Balances	1,734	167,689	- (1)
Due From Other Governments	4,338,028	-	4,338,028
Lease Receivables	904,419	-	904,419
Other Receivables	41,908	-	41,908
Inventories	41,655	24,419	66,074
Prepaid Expenses	102,267	-	102,267
Total Current Assets	60,527,473	957,495	61,315,545
Non-Current Assets:			
Land	1,724,661	-	1,724,661
Site Improvements (Net of Depreciation)	1,439,654	-	1,439,654
Building and Bldg. Improvements (Net of Depreciation)	68,071,847	-	68,071,847
Furniture and Equipment (Net of Depreciation)	1,345,288	152,039	1,497,327
Intangible Right To Use Equipment (Net of Amortization)	958,377	-	958,377
Construction in Progress	333,872	-	333,872
Long-term Receivable	4,438,150	-	4,438,150
Total Non-Current Assets	78,311,849	152,039	78,463,888
TOTAL ASSETS	138,839,322	1,109,534	139,779,433
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	15,518,868	336,840	15,855,708
Deferred Outflows of Resources - Related to OPEB	906,174	5,166	911,340
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 155,264,364	\$ 1,451,540	\$ 156,546,481
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 167,689	\$ 1,734	\$ - (1)
Due to Other Governments	576,802	-	576,802
Accounts Payable	1,629,583	44,810	1,674,393
Current Portion of Long-Term Obligations	2,204,319	-	2,204,319
Accrued Salaries and Benefits	7,150,509	-	7,150,509
Payroll Withholdings	3,243,460	-	3,243,460
Prepayments	-	45,148	45,148
Other Current Liabilities	901,426	-	901,426
Total Current Liabilities	15,873,788	91,692	15,796,057
Non-Current Liabilities:			
Bonds and Notes Payable	7,829,087	-	7,829,087
Lease Obligations	485,114	-	485,114
Long-Term Portion of Compensated Absences	789,258	64,944	854,202
Other Retirement Benefits	1,102,812	-	1,102,812
Net Pension Liability	114,476,187	2,028,760	116,504,947
Net OPEB Liability - Single Employer Plan	15,972,878	-	15,972,878
Net OPEB Liability - Multiple Employer Plan	4,822,391	71,786	4,894,177
TOTAL LIABILITIES	161,351,515	2,257,182	163,439,274
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Lease	904,419	-	904,419
Deferred Inflows of Resources - Related to Pension	12,833,361	169,370	13,002,731
Deferred Inflows of Resources - Related to OPEB	8,419,393	21,095	8,440,488
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	183,508,688	2,447,647	185,786,912
NET POSITION			
Net Investment in Capital Assets	67,875,248	152,039	68,027,287
Restricted For:			
Capital Projects	8,543,147	-	8,543,147
Unrestricted (Deficit)	(104,662,719)	(1,148,146)	(105,810,865)
TOTAL NET POSITION	(28,244,324)	(996,107)	(29,240,431)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 155,264,364	\$ 1,451,540	\$ 156,546,481

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

**Pleasant Valley School District
Statement of Activities
For the Year Ended June 30, 2023**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 52,991,177	\$ 44,729	\$ 16,559,847	\$ 147,031	\$ (36,239,570)	\$ -	\$ (36,239,570)
Instructional Student Support	5,918,769	-	1,195,543	-	(4,723,226)	-	(4,723,226)
Admin. & Fin'l Support Services	7,019,272	-	1,112,978	449,073	(5,457,221)	-	(5,457,221)
Oper. & Maint. of Plant Svcs.	9,418,468	-	1,600,891	267,345	(7,550,232)	-	(7,550,232)
Pupil Transportation	8,702,826	-	2,854,930	-	(5,847,896)	-	(5,847,896)
Student Activities	1,246,364	37,419	171,620	-	(1,037,325)	-	(1,037,325)
Community Services	613,491	-	19,149	-	(594,342)	-	(594,342)
Interest on Long-Term Debt	313,069	-	-	-	(313,069)	-	(313,069)
Unallocated Depreciation Expense	2,852,918	-	-	-	(2,852,918)	-	(2,852,918)
TOTAL GOVERNMENTAL ACTIVITIES	89,076,354	82,148	23,514,958	863,449	(64,615,799)	-	(64,615,799)
BUSINESS-TYPE ACTIVITIES:							
Food Services	2,076,573	211,792	2,180,645	-	-	315,864	315,864
TOTAL PRIMARY GOVERNMENT	\$ 91,152,927	\$ 293,940	\$ 25,695,603	\$ 863,449	\$ (64,615,799)	\$ 315,864	\$ (64,299,935)
GENERAL REVENUES:							
Property Taxes. Levied for General Purposes, Net					\$ 50,854,064	\$ -	\$ 50,854,064
Taxes Levied for Specific Purposes					5,284,461	-	5,284,461
Grants, Subsidies, & Contributions not Restricted					28,951,892	-	28,951,892
Investment Earnings					2,250,883	15,962	2,266,845
Miscellaneous Income					751,037	25,178	776,215
Special Item - Gain (Loss) on Sale of Capital Assets					(250)	-	(250)
Transfers					(54,844)	54,844	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					88,037,243	95,984	88,133,227
CHANGES IN NET POSITION					23,421,444	411,848	23,833,292
NET POSITION - BEGINNING					(51,665,768)	(1,407,955)	(53,073,723)
NET POSITION - ENDING					\$ (28,244,324)	\$ (996,107)	\$ (29,240,431)

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Balance Sheet
Governmental Funds
As of June 30, 2023**

	GENERAL	CAPITAL PROJECTS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 43,656,513	\$ 6,837,086	\$ -	\$ 50,493,599
Investments	257,815	-	-	257,815
Taxes Receivable, Net	4,303,576	-	42,472	4,346,048
Due From Other Funds	21,492	4,480,841	-	4,502,333
Due from Other Governments	4,318,270	-	19,758	4,338,028
Lease Receivable	904,419	-	-	904,419
Other Receivables	41,908	-	-	41,908
Prepaid Expenditures	102,267	-	-	102,267
TOTAL ASSETS	53,606,260	11,317,927	62,230	64,986,417
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 53,606,260	\$ 11,317,927	\$ 62,230	\$ 64,986,417
<u>LIABILITIES</u>				
Due to Other Funds	\$ 4,648,530	\$ -	\$ 19,758	\$ 4,668,288
Due to Other Governments	576,802	-	-	576,802
Accounts Payable	1,570,439	59,144	-	1,629,583
Current Portion of Long-Term Debt	857,699	-	-	857,699
Accrued Salaries and Benefits	7,150,509	-	-	7,150,509
Payroll Deductions and Withholdings	3,243,460	-	-	3,243,460
Prepayments	849,463	-	-	849,463
Other Current Liabilities	11	-	-	11
TOTAL LIABILITIES	18,896,913	59,144	19,758	18,975,815
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Related to Leases	904,419	-	-	904,419
Related to Tax Revenue	3,694,584	-	42,472	3,737,056
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	23,495,916	59,144	62,230	23,617,290
FUND BALANCES:				
Nonspendable Fund Balance	102,267	-	-	102,267
Restricted Fund Balance	-	11,258,783	-	11,258,783
Committed Fund Balance	14,321,296	-	-	14,321,296
Assigned Fund Balance	8,666,717	-	-	8,666,717
Unassigned Fund Balance	7,020,064	-	-	7,020,064
TOTAL FUND BALANCES	30,110,344	11,258,783	-	41,369,127
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 53,606,260	\$ 11,317,927	\$ 62,230	\$ 64,986,417

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2023**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$ 41,369,127
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$144,288,407 and the accumulated depreciation is \$70,414,708.	73,873,699
Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting.	4,438,150
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	3,737,056
This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability.	(4,827,712)
The governmental funds follow the purchase method of inventory; therefore, no inventory is reflected on the balance sheet, except for general supplies. However, the Statement of Net Position uses the consumption method of inventory for all supplies.	41,655
This represents payments to be paid within the next twelve months for employees who have elected to retire under the District's early retirement incentive program.	(461,620)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:	<u>(146,414,679)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (28,244,324)</u>

The Accompanying Notes are an integral part of these financial statements.

Pleasant Valley School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	<u>GENERAL</u>	<u>CAPITAL PROJECTS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 59,593,520	\$ 266,211	\$ 597,174	\$ 60,456,905
State Sources	49,195,720	-	-	49,195,720
Federal Sources	<u>3,280,722</u>	<u>-</u>	<u>-</u>	<u>3,280,722</u>
TOTAL REVENUES	<u>112,069,962</u>	<u>266,211</u>	<u>597,174</u>	<u>112,933,347</u>
EXPENDITURES				
Instruction	59,945,347	-	-	59,945,347
Support Services	34,119,572	3,254	-	34,122,826
Operation of Non-Instructional Services	1,425,770	-	597,174	2,022,944
Capital Outlay	-	279,173	-	279,173
Debt Service	<u>1,678,016</u>	<u>-</u>	<u>-</u>	<u>1,678,016</u>
TOTAL EXPENDITURES	<u>97,168,705</u>	<u>282,427</u>	<u>597,174</u>	<u>98,048,306</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>14,901,257</u>	<u>(16,216)</u>	<u>-</u>	<u>14,885,041</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Extended Term Financing	1,068,982	-	-	1,068,982
Interfund Transfers In	-	4,480,841	-	4,480,841
Operating Transfers Out	<u>(4,480,841)</u>	<u>-</u>	<u>-</u>	<u>(4,480,841)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(3,411,859)</u>	<u>4,480,841</u>	<u>-</u>	<u>1,068,982</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	11,489,398	4,464,625	-	15,954,023
FUND BALANCES - BEGINNING	<u>18,620,946</u>	<u>6,794,158</u>	<u>-</u>	<u>25,415,104</u>
FUND BALANCES - ENDING	<u>\$ 30,110,344</u>	<u>\$ 11,258,783</u>	<u>\$ -</u>	<u>\$ 41,369,127</u>

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2023**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 15,954,023

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Depreciation expense	\$ 3,478,245	
less - capital outlays	<u>1,840,741</u>	(1,637,504)

Some of the capital assets acquired this year were financed with leases. The amount financed by the leases is reported in the governmental funds as a source of financing. On the other hand, the leases are not revenues in the Statement of Activities, but rather constitute long-term liabilities.

(1,068,982)

In the Statement of Activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold.

(250)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year.

(380,454)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,295,202

In the Statement of Activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement)--are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used.

68,913

SUBTOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **\$ 14,230,948**

**Pleasant Valley School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2023**

SUBTOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING (CONT'D) \$ 14,230,948

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the Statement of Activities over the amount due is shown here. 69,745

In the Statement of Activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available. 680,916

The governmental funds use the purchase method of inventory for most supplies, where all items purchased are charged to expenditures. However, the Statement of Activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 29,528

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 8,410,307

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 23,421,444**

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2023**

	FOOD SERVICE
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 765,387
Due from Other Funds	167,689
Other Receivables	-
Inventories	24,419
TOTAL CURRENT ASSETS	957,495
NON-CURRENT ASSETS:	
Machinery & Equipment (Net)	152,039
TOTAL NON-CURRENT ASSETS	152,039
TOTAL ASSETS	1,109,534
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources - Related to Pension	336,840
Deferred Outflows of Resources - Related to OPEB	5,166
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,451,540
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Due to Other Funds	\$ 1,734
Accounts Payable	44,810
Prepayments	45,148
TOTAL CURRENT LIABILITIES	91,692
NON-CURRENT LIABILITIES:	
Long-Term Portion of Compensated Absences	64,944
Net OPEB Liability - Multiple Employer Plan	71,786
Net Pension Liability	2,028,760
TOTAL NON-CURRENT LIABILITIES	2,165,490
TOTAL LIABILITIES	2,257,182
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - Related to Pension	169,370
Deferred Inflows of Resources - OPEB	21,095
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	2,447,647
<u>FUND NET POSITION</u>	
Net Investment in Capital Assets	152,039
Unrestricted	(1,148,146)
TOTAL FUND NET POSITION	(96,107)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,451,540

The Accompanying Notes are an integral part of these financial statements.

Pleasant Valley School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	FOOD SERVICE
OPERATING REVENUES:	
Food Service Revenue	\$ 211,792
Other Operating Revenues	25,178
TOTAL OPERATING REVENUES	236,970
OPERATING EXPENSES:	
Salaries	632,994
Employee Benefits	386,836
Purchased Professional and Technical Services	11,864
Purchased Property Service	5,385
Other Purchased Services	1,281
Supplies	1,012,165
Depreciation	25,718
Dues and Fees	330
TOTAL OPERATING EXPENSES	2,076,573
OPERATING INCOME (LOSS)	(1,839,603)
NON-OPERATING REVENUES (EXPENSES)	
Earnings on Investments	15,962
State Sources	348,361
Federal Sources	1,832,284
TOTAL NON-OPERATING REVENUES (EXPENSES)	2,196,607
INCOME (LOSS) BEFORE CONTRIBUTIONS	\$ 357,004
Capital Contributions	54,844
CHANGES IN FUND NET POSITION	411,848
FUND NET POSITION - BEGINNING	(1,407,955)
FUND NET POSITION - ENDING	\$ (996,107)

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2023**

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 221,100
Cash Received from Other Operating Revenue	25,178
Cash Payments to Employees for Services	(1,179,927)
Cash Payments to Suppliers for Goods and Services	(806,174)
Cash Payments to Other Operating Expenses	(330)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(1,740,153)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	356,623
Federal Sources	1,930,805
Operating Transfers In (Out)	-
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	2,287,428
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Facilities Acquisition/Const./Improvement Svcs.	(54,844)
Capital Contributions	54,844
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	15,962
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	15,962
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	563,237
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	202,150
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 765,387
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	
OPERATING INCOME (LOSS)	\$ (1,839,603)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Depreciation and Net Amortization	25,718
Donated Commodities Used	168,995
CHANGES IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	2,592
(Increase) Decrease in Advances to Other Funds	6,716
(Increase) Decrease in Inventories	15,362
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(2,357)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	54,242
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(82,155)
Increase (Decrease) in Accounts Payable	31,134
Increase (Decrease) in Accrued Salaries and Benefits	4
Increase (Decrease) in Advances from Other Funds	198
Increase (Decrease) in Other Current Liabilities	8,832
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	(29,720)
Increase (Decrease) in Net Pension Liability	25,709
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(184,560)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	(2,244)
Increase (Decrease) in Deferred Inflows of Resources - Change in Proportion of NPL	67,970
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	(6,986)
TOTAL ADJUSTMENTS	99,450
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (1,740,153)

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2023**

	PRIVATE- PURPOSE TRUST	CUSTODIAL FUNDS
ASSETS		
Cash and Cash Equivalents	\$ 65,741	\$ 153,284
Investments	9,600	-
Other Receivables	16	-
Other Current Assets	-	-
TOTAL ASSETS	75,357	153,284
DEFERRED OUTFLOWS OF RESOURCES	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 75,357	\$ 153,284
LIABILITIES		
Accounts Payable	\$ -	\$ 3,530
Other Current Liabilities	-	881
TOTAL LIABILITIES	-	4,411
DEFERRED INFLOWS OF RESOURCES	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	4,411
NET POSITION		
Restricted for		
Individuals, Organizations, and Other Governments	75,357	148,873
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 75,357	\$ 153,284

The Accompanying Notes are an integral part of these financial statements.

Pleasant Valley School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	PRIVATE- PURPOSE TRUST	CUSTODIAL FUNDS
ADDITIONS		
Contributions - Students	\$ -	\$ 56,518
Contributions - Other	11,343	2,365
Special Events	-	88,325
Other Income	-	33,806
INVESTMENT EARNINGS:		
Interest and Dividends	130	1,568
Net Increase (Decrease) in Fair Value of Investments	-	-
Less: Investment Expense	-	-
TOTAL ADDITIONS	<u>11,473</u>	<u>182,582</u>
	-----	-----
 DEDUCTIONS		
Administrative Expense	-	40,386
Benefits Paid to Participants or Beneficiaries	5,250	11,668
Payments for Student Club Activities	-	184,325
Other	-	-
TOTAL DEDUCTIONS	<u>5,250</u>	<u>236,379</u>
 CHANGES IN NET POSITION	 6,223	 (53,797)
 NET POSITION - BEGINNING OF YEAR	 <u>69,134</u>	 <u>202,670</u>
 NET POSITION - END OF YEAR	 <u>\$ 75,357</u>	 <u>\$ 148,873</u>

The Accompanying Notes are an integral part of these financial statements.

Pleasant Valley School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2023

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL (GAAP BASIS)</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Local Sources	\$ 54,365,000	\$ 54,507,504	\$ 59,593,520	\$ 5,086,016
State Sources	45,951,700	45,809,196	49,195,720	3,386,524
Federal Sources	1,786,121	1,786,121	3,280,722	1,494,601
TOTAL REVENUES	<u>102,102,821</u>	<u>102,102,821</u>	<u>112,069,962</u>	<u>9,967,141</u>
EXPENDITURES				
Regular Instruction	42,464,647	39,738,767	39,610,803	127,964
Special Programs	16,643,243	17,387,233	17,190,490	196,743
Vocational Programs	3,437,608	3,542,355	2,873,771	668,584
Other Instructional Programs	562,626	579,589	254,101	325,488
Nonpublic Schools	7,656	16,182	16,182	-
Pupil Personnel Services	4,503,162	4,566,003	4,051,206	514,797
Instructional Staff Services	2,301,840	2,301,840	2,005,098	296,742
Administrative Services	4,207,808	4,260,425	3,900,070	360,355
Pupil Health	884,854	884,854	859,568	25,286
Business Services	1,612,890	1,752,474	1,349,898	402,576
Operation & Maintenance of Plant Services	9,859,182	10,675,230	10,661,505	13,725
Student Transportation Services	8,416,665	8,849,583	8,714,241	135,342
Central Support Services	1,878,121	2,555,539	2,552,287	3,252
Other Support Services	35,000	35,000	25,699	9,301
Student Activities	1,460,562	1,462,192	1,408,243	53,949
Community Services	16,657	17,527	17,527	-
Facilities, Acquisition and Construction	-	-	-	-
Debt Service	1,210,300	1,678,028	1,678,016	12
TOTAL EXPENDITURES	<u>99,502,821</u>	<u>100,302,821</u>	<u>97,168,705</u>	<u>3,134,116</u>
Excess (deficiency) of revenues over expenditures	2,600,000	1,800,000	14,901,257	13,101,257
OTHER FINANCING SOURCES (USES)				
Proceeds from Leases	-	-	1,068,982	1,068,982
Fund Transfers Out	(1,800,000)	(1,800,000)	(4,480,841)	(2,680,841)
Budgetary Reserve	(800,000)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(2,600,000)</u>	<u>(1,800,000)</u>	<u>(3,411,859)</u>	<u>(1,611,859)</u>
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	-	-	11,489,398	11,489,398
FUND BALANCE - JULY 1, 2022	<u>\$ 14,831,841</u>	<u>\$ 14,831,841</u>	<u>\$ 18,620,946</u>	<u>\$ 3,789,105</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 14,831,841</u>	<u>\$ 14,831,841</u>	<u>\$ 30,110,344</u>	<u>\$ 15,278,503</u>

The Accompanying Notes are an integral part of these financial statements.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Note 1 - Description of the School District and Reporting Entity

School District

The Pleasant Valley School District is located in Northeastern Pennsylvania, in Monroe County. The School District is comprised of Chestnuthill, Eldred, Polk, and Ross Townships.

The Pleasant Valley School District consists of Pleasant Valley High School, Pleasant Valley Middle School, Pleasant Valley Intermediate School, Pleasant Valley Elementary School, and Polk Elementary School.

The Pleasant Valley School District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Pleasant Valley School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any indebtedness that may at any time hereafter be created by the school district, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

Administration

The Superintendent shall be the executive officer of the Board of School Directors, and in that capacity, shall administer the School District in conformity with board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Business Manager, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to ensure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Pleasant Valley School District. The Business Manager is directly responsible to the Superintendent.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Pleasant Valley School District, this includes general operations, food service, and student related activities of the School District.

Pleasant Valley School District is a municipal corporation governed by an elected nine-member board. As required by accounting principles, generally accepted in the United States of America, these financial statements are to present Pleasant Valley School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Pleasant Valley School District does not have any component units.

Joint Ventures

Monroe Career & Technical Institute

The School District is a participating member of the Monroe Career & Technical Institute (MCTI). The MCTI is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the MCTI's annual operating budget. Each participating district pays a pro-rata share of the MCTI's operating costs based on the number of students attending the MCTI's for each District. The District's share of the MCTI's operating costs for 2022-23 was \$1,641,789.

On dissolution of the Monroe Career & Technology Institute, the net position of MCTI will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the district does not have an equity interest in the MCTI as redefined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should no longer be reflected on the basic financial statements. Complete financial statements for the MCTI can be obtained from the MCTI's administrative office at Laurel Lake Drive, Bartonsville, PA 18321.

Jointly Governed Organizations

Colonial Intermediate Unit

The School District is a participating member of the Colonial Intermediate Unit (CIU). The CIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the CIU's annual operating budget. The CIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CIU. The CIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 2 - Summary of significant accounting policies

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretation pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position, a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources are recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

resources are recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

The general fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Fund

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

Capital Projects Fund

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

The District has the following Capital Project Funds:

Construction Fund

During the 2018-19 fiscal year, this fund received \$9,325,000 from the General Obligation Bonds - Series 2018 to provide funds for energy improvements and upgrades to existing buildings and facilities.

Capital Reserve Fund

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds. The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund

This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, Investment trust funds, Private-purpose trust funds and Custodial funds. The School District has two Fiduciary Funds

Scholarship Trust Funds – These funds are considered private purpose trust funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs.

Student Activity Fund – This fund is considered a custodial fund and is reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

C. *Measurement Focus*

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. The Statement of Revenues, Expenses, and Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The Statement of Cash Flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions. Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Board Resolution Option

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after 2022-23 budget transfers.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

G. Changes in Accounting Principles

During the 2022-23 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 81 (Conduit Debt Obligations). The objective of this statement is provides a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

GASB Statement No. 94 (PPP's). The objectives of the statement are to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties: (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services: and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

GASB Statement No. 96 (SBITA's). - This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This statement (1) defines a SBITA, (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability, (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requires note disclosures regarding a SBITA.

GASB Statement No. 99 (Omnibus 2022). The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

H. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System and additions to/deductions from the Public School Employees' Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Public School Employees' Retirement System. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

I. Other Postemployment Benefits

Multiple Employer Cost Sharing OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Single Employer OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value. Fair value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

**Pleasant Valley School District
Notes to Basic Financial Statements
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The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2023, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2023, shows \$41,655 as an asset in the governmental activities column of the Government-wide Statement of Net Position; a physical inventory taken at June 30, 2023, shows \$24,419 as an asset in the business-type activities column of the Government-Wide Statement of Net Position.

Inventory type items in governmental funds utilize the purchase method. As such, no inventory is shown as an asset in the General Fund or as nonspendable fund balance in the General Fund.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, and purchased food.

Inventories on hand at June 30, 2023, consist of:

Supplies		\$	3,019
Purchased Food			12,656
Donated Commodities			8,744
TOTAL		\$	24,419

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the Government-wide Statement of Net Position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the Government-wide Statement of Net Position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand-five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized. All reported capital assets except land, certain land improvements, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	10 - 20 years	10 - 20years
Buildings and Improvements	20 - 50 years	20 - 50 years
Furniture and Equipment	5 - 20 years	5 - 20 years
Right-to-use Equipment	Length of Lease	Length of Lease

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

Leases

Lessee:

The District is a lessee for a noncancellable leases of capital assets. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the Statement of Net Position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

SBITAs (Subscription Based Information Technology Arrangements)

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to access use of software that is hosted by third-party vendors over a specified contract term. Unlike traditional software, the District does not take physical possession of or have the right to control the software; instead, it accesses the uses the software remotely.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period the payment is due.

Other Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type Statement of Net Position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts and premiums on debt issuances are reported as other financing uses and sources, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2023, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources.

Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 8 to the financial statements:

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the General Fund, that are not classified in one of the above-mentioned categories. In the General Fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent and Business manager are responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the General Fund after segregating resources used in the other categories listed above.

Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds did not receive any capital contributions during this fiscal year.

Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position.

The Governmental Fund Balance Sheet includes a reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the Government-Wide Statement of Net Position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.

The details of the \$146,414,679 difference are:

Bonds payable	\$	8,380,000
Less: Issuance discount (to be amortized as interest expense)		(1,036)
Add: Issuance premium (to be amortized as a contra to interest expense)		335,123
Accrued interest payable		51,952
Lease Obligations		485,114
Net Pension Liability		114,476,187
Compensated absences		789,258
Net OPEB Liability - Single Employer Plan		15,972,878
Net OPEB Liability - Multiple Employer Plan		4,822,391
Other Retirement Benefits		<u>1,102,812</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"		<u>\$ 146,414,679</u>

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities.

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown in the columns on the following page represent:

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the Statement of Activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and (2) the difference between recording an

**Pleasant Valley School District
Notes to Basic Financial Statements
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expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the Statement of Activities.

- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the Statement of Activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 51,234,519	\$ (380,455)	\$ -	\$ -	\$ 50,854,064
Taxes Levied for Specific Purposes	5,284,461	-	-	-	5,284,461
Interest and Investment Earnings	2,250,883	-	-	-	2,250,883
Miscellaneous	625,106	-	-	-	625,106
Contributions and Donations	125,931	-	-	-	125,931
Charges for Services	82,148	-	-	-	82,148
Grants, Subsidies & Contributions not Restricted	28,951,892	-	-	-	28,951,892
STATE SOURCES:					
Operating and Capital Grants and Contributions	20,262,504	-	-	-	20,262,504
FEDERAL SOURCES:					
Operating and Capital Grants and Contributions	4,115,903	-	-	-	4,115,903
SPECIAL AND EXTRAORDINARY ITEMS:					
Proceeds from Leases	1,068,982	-	-	(1,068,982)	-
Gain or (Loss) on Disposal of Assets	-	-	(250)	-	(250)
TOTAL REVENUES	<u>114,002,329</u>	<u>(380,455)</u>	<u>(250)</u>	<u>(1,068,982)</u>	<u>112,552,642</u>
EXPENDITURES/EXPENSES					
Instruction	59,945,347	(6,244,447)	(709,723)	-	52,991,177
Instructional Student Support	6,915,872	(984,254)	(12,849)	-	5,918,769
Admin. & Fin'l Support Services	7,827,954	(835,384)	26,702	-	7,019,272
Oper. & Maint. Of Plant Svcs.	10,663,959	(953,009)	(292,482)	-	9,418,468
Pupil Transportation	8,714,241	(11,415)	-	-	8,702,826
Student Activities	1,408,243	(159,946)	(1,933)	-	1,246,364
Community Services	614,701	(1,210)	-	-	613,491
Capital Outlay	279,973	-	(279,973)	-	-
Debt Service	1,678,016	-	-	(1,364,947)	313,069
Transfers Out	-	-	54,844	-	54,844
Depreciation - Unallocated	-	-	2,852,918	-	2,852,918
TOTAL EXPENDITURES/EXPENSES	<u>98,048,306</u>	<u>(9,189,665)</u>	<u>1,637,504</u>	<u>(1,364,947)</u>	<u>89,131,198</u>
NET CHANGE FOR THE YEAR	<u>\$ 15,954,023</u>	<u>\$ 8,809,210</u>	<u>\$ (1,637,754)</u>	<u>\$ 295,965</u>	<u>\$ 23,421,444</u>

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

The District has no material violations of finance related legal and contractual provisions.

B. Deficit Fund Balance or Net Position of Individual Funds

No individual fund contains a deficit fund balance or net position at June 30, 2023, except the governmental activities and business-type activities (Food Service Fund) has deficits of \$28,244,324 and \$996,107, respectively.

C. Excess of Expenditures over Appropriations in Individual Funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

D. Budgetary Compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2023. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2023, \$9,379,961 of the District's bank balance of \$9,881,655 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		9,379,961
TOTAL	\$	<u>9,379,961</u>

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$	9,379,961
Plus: Insured Amount		501,694
Less: Outstanding Checks		(2,787,944)
Carrying Amount - Bank balances		7,093,711
Plus: Petty Cash		27,395
Deposits in Pooled Investments Considered Cash Equivalents		44,624,319
Deposits in Money Market Mutual Funds Considered Cash Equivalents		-
Less: Certificates of Deposit considered Investment by School Code		(267,415)
Total Cash Per Financial Statements	\$	<u>51,478,010</u>

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

Investments

Permitted investments for Pleasant Valley School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any federal agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or state-chartered bank, a Federal or State savings and loan association or a state-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2023, the District had the following investments:

<i>Investment</i>	Maturities	Fair Value
Certificates of Deposit - ESSA		\$ 257,815
Certificates of Deposit - FNBT		9,600
PA School District Liquid Asset Fund		40,439,458
PA Local Government Investment Trust		4,184,861
TOTAL		\$ 44,891,734

Interest Rate Risk

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2023, the District's investments were rated as follows:

<i>Investment</i>	Standard & Poor's
PA Local Government Investment Trust	AAAm
PA School District Liquid Asset Fund	AAAm

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. Of the Fiduciary Funds' investments, 8.39% are in certificates of deposit at First Northern Bank & Trust.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Reconciliation to Financial Statements

Total Investments Above	\$ 44,891,734
Less: Deposits in Investment Pool Considered Cash Equivalents	(44,624,319)
Deposits in Money Market Mutual Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	<u>\$ 267,415</u>

Fair Value Reporting

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2023. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on August 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$2,287,047,673. In accordance with Act 1 of 2006, the District received \$5,124,372 in property tax reduction funds for the 2022-23 fiscal year. The tax rate for the year was \$2.46359 per \$100 of assessed valuation or 24.6359 mills.

The property tax calendar is:

- | | | |
|--------------------------|---|---|
| August 1 | - | Full year tax assessed for current year. |
| August 1 - September 30 | - | Discount period during which a 2% discount is allowed. |
| October 1 - November 30 | - | Face amount of tax is due |
| December 1 - December 31 | - | A 10% penalty is added to all payments. |
| January 15 | - | All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for Collection. |

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the fund financial statements.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Receivables

Receivables, as of year end, for the government's individual major funds and non-major and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are:

Schedule on Receivables for Major, Nonmajor, and Fiduciary Funds

	GENERAL FUND	CAPITAL PROJECT FUND	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ 16	\$ 16
Taxes	4,303,576	-	-	42,472	-	4,346,048
Accounts	41,908	-	-	-	-	41,908
Lease	904,419	-	-	-	-	904,419
Intergovernmental	4,318,270	-	-	19,758	-	4,338,028
GROSS RECEIVABLES	9,568,173	-	-	62,230	16	9,630,419
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 9,568,173	\$ -	\$ -	\$ 62,230	\$ 16	\$ 9,630,419

Lease Receivables

SBA Communication Land Lease - Effective July 1, 2021, the District was leasing the use of a tract of a land for a communications tower to SBA Communications. The lease term is for 14 years, with an initial term through April 30, 2026, and a five year option followed by a four-year option to extend that are both reasonably certain to be exercised. The District will receive monthly payments of \$1,647 which will increase by 2% each year. The District recognized \$14,940 in lease revenue and \$4,894 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the District's receivable for lease payments was \$236,558. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$236,558.

The remaining lease payments as of June 30, 2023, were as follows:

FISCAL YEAR	PAYMENTS
2023-24	\$ 15,642
2024-25	16,366
2025-26	17,113
2026-27	17,883
2027-28	18,677
2028-33	106,189
2033-35	44,688
Totals	\$ 236,558

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

First Student Facility Lease - Effective July 1, 2021, the District was leasing the use of its transportation facility to First Student for the storage of buses. The lease is for five years. The District will receive monthly payments of \$15,640 which will increase each year by fixed amounts as stipulated in the contract. The District recognized \$199,190 in lease revenue and \$9,133 in interest revenue during the current fiscal year related to this lease. As of June 30, 2023, the District's receivable for lease payments was \$667,861. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$667,861.

The remaining lease payments as of June 30, 2023, were as follows:

<u>FISCAL YEAR</u>	<u>PAYMENTS</u>
2023-24	\$ 210,554
2024-25	222,439
2025-26	234,868
Totals	\$ 667,861

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property taxes - General Fund	\$ 3,694,584	\$ -
Related to Leases - General Fund	-	904,419
Delinquent Property taxes - Library Fund	42,472	-
TOTAL	\$ 3,737,056	\$ 904,419

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Capital Assets

Capital asset balances and activity for the year ending June 30, 2023, were:

<u>CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY</u>				
	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being Depreciated:				
Land	\$ 1,724,661	\$ -	\$ -	\$ 1,724,661
Construction in Progress	-	373,324	(39,452)	333,872
Total Capital Assets not being Depreciated	<u>1,724,661</u>	<u>373,324</u>	<u>(39,452)</u>	<u>2,058,533</u>
Capital Assets being Depreciated/Amortized:				
Site Improvements	4,705,298	61,977	-	4,767,275
Buildings and Bldg. Improvements	126,806,111	-	-	126,806,111
Furniture and Equipment	8,727,616	365,110	(2,500)	9,090,226
Intangible Right to Use Equipment	486,480	1,079,782	-	1,566,262
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	<u>140,725,505</u>	<u>1,506,869</u>	<u>(2,500)</u>	<u>142,229,874</u>
Less Accumulated Depreciation for:				
Site Improvements	(3,240,752)	(86,869)	-	(3,327,621)
Buildings and Bldg. Improvements	(55,954,679)	(2,779,585)	-	(58,734,264)
Furniture and Equipment	(7,581,123)	(166,065)	2,250	(7,744,938)
Intangible Right to Use Equipment	(162,160)	(445,725)	-	(607,885)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	<u>(66,938,714)</u>	<u>(3,478,244)</u>	<u>2,250</u>	<u>(70,414,708)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>73,786,791</u>	<u>(1,971,375)</u>	<u>(250)</u>	<u>71,815,166</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>\$ 75,511,452</u>	<u>\$ (1,598,051)</u>	<u>\$ (39,702)</u>	<u>\$ 73,873,699</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,593,316	\$ 54,844	\$ -	\$ 1,648,160
Less: Accumulated Depreciation	(1,470,403)	(25,718)	-	(1,496,121)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 122,913</u>	<u>\$ 29,126</u>	<u>\$ -</u>	<u>\$ 152,039</u>

*** DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Instruction	\$ 216,374
Instructional Student Support	2,550
Admin. & Fin'l Support Services	253,767
Oper. & Maint. of Plant Svcs.	109,179
Student Activities	43,456
Depreciation - Unallocated	<u>2,852,918</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 3,478,244</u>

The District's governmental activities scrapped \$2,500 of capital assets during the year, with accumulated depreciation of \$2,250, this resulted in a net loss on disposition of \$250 for the year. The business-type activities did not dispose of any capital assets during the year.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

Long-Term Construction Commitments

The district has the following construction commitments as of June 30, 2023:

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/23</u>	<u>OUTSTANDING COMMITMENTS</u>
<u>Districtwide HVAC</u>			
Myco Mechanical	\$ 3,138,000	\$ -	\$ 3,138,000
<u>Point of Entry System</u>			
Johnson Controls	<u>1,116,603</u>	<u>93,351</u>	<u>1,023,252</u>
	<u>\$ 4,254,603</u>	<u>\$ 93,351</u>	<u>\$ 4,161,252</u>

Short-term debt

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2023:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 21,492	\$ 4,648,530
Special Revenue (Western Pocono) Fund	-	19,758
Capital Project (Capital Reserve) Fund	4,480,841	-
Enterprise (Food Service) Fund	<u>167,689</u>	<u>1,734</u>
TOTAL	<u>\$ 4,670,022</u>	<u>\$ 4,670,022</u>

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2023:

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ 4,480,841
Capital Project (Capital Reserve) Fund	4,480,841	-
TOTAL	\$ 4,480,841	\$ 4,480,841

Long-term liabilities

Long-term liability balances and activity for the year ended June 30, 2023, were:

CHANGES IN LONG-TERM LIABILITIES

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES:</u>					
General Obligation Debt:					
<i>Bonds and Notes Payable:</i>					
Bonds	\$ 9,628,158	\$ 551	\$ 914,622	\$ 8,714,087	\$ 885,000
Notes	-	-	-	-	-
Total General Obligation debt	9,628,158	551	914,622	8,714,087	885,000
<i>Other Liabilities:</i>					
Lease Obligations	322,953	1,068,982	445,201	946,734	461,620
<i>Vested Employee Benefits:</i>					
Vacation Pay	302,697	39,313	-	342,010	138,011
Sick Pay	1,379,109	-	74,162	1,304,947	719,688
Other Retirement Benefits	1,210,781	-	107,969	1,102,812	-
Net Pension Liability	112,880,315	1,595,872	-	114,476,187	-
Net OPEB Liability - Single Employer Plan	19,470,039	-	3,497,161	15,972,878	-
Net OPEB Liability - Multiple Employer Plan	6,633,612	-	1,811,221	4,822,391	-
Total other liabilities	142,199,506	2,704,167	5,935,714	138,967,959	1,319,319
TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	\$ 151,827,664	\$ 2,704,718	\$ 6,850,336	\$ 147,682,046	\$ 2,204,319
<u>BUSINESS-TYPE ACTIVITIES:</u>					
<i>Other Liabilities:</i>					
Net Pension Liability	\$ 2,003,051	\$ 25,709	\$ -	\$ 2,028,760	\$ -
Net OPEB Liability - Multiple Employer Plan	101,509	-	29,723	71,786	-
<i>Vested Employee Benefits:</i>					
Vacation Pay	6,258	3,181	-	9,439	-
Sick Pay	58,682	-	3,177	55,505	-
TOTAL BUSINESS-TYPE ACTIVITY LONG-TERM LIABILITIES	\$ 2,169,500	\$ 28,890	\$ 32,900	\$ 2,165,490	\$ -

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Total Interest paid and accrued during the year:

	EXPENSE	PAID
GOVERNMENTAL ACTIVITIES		
General obligation debt	\$ 280,543	\$ 350,288
Refunds of Prior Year Receipts	12,629	12,629
Leases	19,897	19,897
TOTAL INTEREST FOR GOVERNMENTAL ACTIVITIES	\$ 313,069	\$ 382,814

Lease – Computers – IntergraOne #70010

On July 1, 2021, The District entered into a 3-year lease as lessee for the acquisition and use of HP laptops. An initial lease liability was recorded in the amount of \$378,603 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$126,199. The District is required to make yearly fixed payments of \$127,265. The lease has an interest rate of 0.845%. The equipment has a three-year estimated useful life. The value of the right to use asset as of June 30, 2023, was \$378,603 with accumulated amortization of \$252,402.

The remaining principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 126,199	\$ 1,066
TOTAL OUTSTANDING	\$ 126,199	\$ 1,066

Lease – Storage Network Equipment– IntergraOne #70011

On July 1, 2021, The District entered into a three-year lease as lessee for the acquisition and use of storage network equipment. An initial lease liability was recorded in the amount of \$107,877 during the current fiscal year. As of June 30, 2023, the value of the lease liability was \$35,958. The District is required to make yearly fixed payments of \$36,262. The lease has an interest rate of 0.845%. The equipment has a three-year estimated useful life. The value of the right to use asset as of June 30, 2023, was \$107,877 with accumulated amortization of \$71,918.

The future principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 35,958	\$ 304
TOTAL OUTSTANDING	\$ 35,958	\$ 304

Lease - Copiers – Xerox

On July 1, 2022, the District entered into a 44-month lease as lessee for the acquisition and use of copiers. An initial lease liability was recorded in the amount of \$814,606. As of June 30, 2023, the value of the lease liability was \$597,573. The District is required to make monthly fixed payments of \$19,197. The lease has an interest rate of 2.445%. The equipment has a four-year estimated useful life. The value of the right to use asset as of June 30, 2023, was \$814,606 with accumulated amortization of \$203,652.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

The remaining principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 220,702	\$ 12,148
2024-25	224,697	6,700
2025-26	152,174	1,399
TOTAL OUTSTANDING	\$ 597,573	\$ 20,247

SBITA – Athletic Software - Hudl

On August 15, 2022, the District entered a three-year subscription for the licensing of Athletic Software from Hudl. An initial subscription liability was recorded in the amount of \$38,110. As of June 30, 2023, the value of the subscription liability was \$25,110. The District is required to make yearly fixed payments of \$13,000. The lease has an interest rate of 2.354%. The value of the right to use asset as of June 30, 2023, was \$38,110 with accumulated amortization of \$12,703.

The remaining principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 12,409	\$ 591
2024-25	12,701	299
TOTAL OUTSTANDING	\$ 25,110	\$ 890

SBITA – Firewall, – CIU20

On July 1, 2022, the District entered a five-year subscription for hosted firewall which includes, 4G firewall, threat prevention, filtering, support, and onboarding. An initial subscription liability was recorded in the amount of \$64,555. As of June 30, 2023, the value of the subscription liability was \$51,730. The District is required to make yearly fixed payments of \$14,175. The lease has an interest rate of 2.536%. The value of the right to use asset as of June 30, 2023, was \$64,555 with accumulated amortization of \$12,911.

The remaining principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 13,014	\$ 1,161
2024-25	13,348	827
2025-26	13,691	485
2026-27	11,677	136
TOTAL OUTSTANDING	\$ 51,730	\$ 2,610

SBITA – Human Capital Management, – Frontline Education

On December 31, 2022, the District entered a five-year subscription for use of Human Resources Software with Frontline Education. An initial subscription liability was recorded in the amount of \$97,027. As of June 30, 2023, the value of the subscription liability was \$83,179. The District is required to make yearly payments. The lease has an interest rate of 3.409%. The value of the right to use asset as of June 30, 2023, was \$107,827 with accumulated amortization of \$26,957.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

The remaining principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 26,355	\$ 1,414
2024-25	27,220	1,937
2025-26	29,606	1,009
TOTAL OUTSTANDING	\$ 83,181	\$ 4,360

SBITA – Cisco Flex Licenses, – IntegraOne

On July 1, 2022, the District entered a three-year subscription for use of Cisco Flex Software Licenses with IntegraOne. An initial subscription liability was recorded in the amount of \$97,027. As of June 30, 2023, the value of the subscription liability was \$54,684. The District is required to make yearly fixed payments of \$27,700. The lease has an interest rate of 2.654%. The value of the right to use asset as of June 30, 2023, was \$54,684 with accumulated amortization of \$27,342.

The remaining principal and interest lease payments as of June 30, 2023, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 26,984	\$ 716
TOTAL OUTSTANDING	\$ 26,984	\$ 716

General Obligation Bonds – Series of 2012

On March 1, 2012, the District issued \$3,715,000 of General Obligation Bonds – Series of 2012. The purpose of this issue is (1) used to provide funds for energy improvements and upgrades to existing buildings and facilities of the District and (2) to pay certain costs relating to issuing and insuring of the bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from November 1, 2012 to November 1, 2026. Interest rates range from 2.00% to 2.75% with total interest indebtedness of \$730,129.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 285,000	\$ 27,075
2024-25	290,000	19,887
2025-26	300,000	12,325
2026-27	305,000	4,194
SUB-TOTAL	1,180,000	\$ 63,481
Unamortized Discount	(1,036)	
Unamortized Premium	3,893	
TOTAL OUTSTANDING	\$ 1,182,857	

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

General Obligation Bonds – Series of 2018

On July 19, 2018, the District issued \$9,325,000 of General Obligation Bonds – Series of 2018. The purpose of this issue is (1) to provide funds for Capital projects which will include implementation of energy conservation measures installation of new roofs at various buildings and facilities of the district, alterations, additions, renovations and/or other improvements to the security entrance of the high school, completion of additional capital projects of the district and related expenses (2) to pay certain costs relating to issuing and insuring of the bonds. The bonds mature from May 1, 2018 to May 1, 2033. Interest rates range from 1.75% to 5.00% with total interest indebtedness of \$3,408,452.

The outstanding debt service requirements at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 600,000	\$ 288,000
2024-25	625,000	264,000
2025-26	650,000	239,000
2026-27	675,000	213,000
2027-28	700,000	186,000
2028-33	<u>3,950,000</u>	<u>486,000</u>
SUB-TOTAL	\$ 7,200,000	\$ 1,676,000
Unamortized Premium	<u>331,231</u>	
TOTAL OUTSTANDING	<u>\$ 7,531,231</u>	

The School District general obligation bonds and notes contain a provision that in the event of default for nonpayment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District's subsidies and pay any past due amounts directly to the paying agent for payment to the bond or note holders.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Combined Long-Term Debt

The combined long-term debt obligations for subsequent years are:

Bonds				
Fiscal Year Ended June 30	GO Bonds - 2012		GO Bonds - 2018	
	Interest	Principal	Interest	Principal
2024	\$ 27,075	\$ 285,000	\$ 288,000	\$ 600,000
2025	19,887	290,000	264,000	625,000
2026	12,325	300,000	239,000	650,000
2027	4,194	305,000	213,000	675,000
2028	-	-	186,000	700,000
2029-2033	-	-	486,000	3,950,000
TOTAL	\$ 63,481	\$ 1,180,000	\$ 1,676,000	\$ 7,200,000

Fiscal Year Ended June 30	Total Bonds	
	Interest	Principal
2024	\$ 315,075	\$ 885,000
2025	283,887	915,000
2026	251,325	950,000
2027	217,194	980,000
2028	186,000	700,000
2029-2033	486,000	3,950,000
TOTAL	\$ 1,739,481	\$ 8,380,000

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Compensated Absences

Sick-Pay

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are non-vesting during the employee's tenure. Personal days not used are added to the sick leave accumulation. Upon retirement, these employees are eligible for remuneration on unused sick days for the following bargaining agreements:

1. Pleasant Valley Education Assoc. Members.
2. Pleasant Valley Educational Support Personnel, ESPA/PSEA/NEA Members.
3. Administrative Plan Members.

The District maintains records of each employee's accumulated sick days that are vested with employees who are eligible to retire and those under the administrative plan. In accordance with GASB Statement No. 16, the amount recorded for sick leave termination benefit earned as of June 30, 2023, in the General Fund, that will use currently available financial resources is \$719,688 which includes the employer's share of FICA tax (net of reimbursement). This amount is also shown as a current liability in the governmental activities column of the Government-wide Statement of Net Position. The amount of termination benefits earned and recorded in the Enterprise Fund and in the business-type activities column of the Government-wide Statement of Net Position, is \$55,505, including FICA tax (net of reimbursement). The remaining balance of termination benefits of \$585,259, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the Government-wide Statement of Net Position.

Vacation Leave

Unused vacation leave is paid upon an employee's termination; therefore, a liability has been recorded. The vacation leave earned and recorded in the Enterprise Fund and in the business-type activities column of the Government-wide Statement of Net Position is \$9,439, including FICA tax and retirement contributions (net of reimbursement). The vacation leave earned as of June 30, 2023, in the General Fund that will use currently available financial resources is \$138,011, including FICA tax and retirement contributions (net of reimbursement). This amount is also shown as a current liability in governmental activities column of the Government-wide Statement of Net Position. The remaining vacation leave earned as of June 30, 2023, of \$203,999 including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the Government-wide Statement of Net Position.

Defined Benefit Pension Plans

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

General Information about the Pension Plan

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service, (b) age 60 with 30 or more years of credited service, or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between to 1% to 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Contributions

Member Contributions:

The contribution rates based on qualified member compensation for virtually all members are presented below:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$12,208,070 for the year ended June 30, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the District reported a liability of \$116,504,947 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

reported contributions. At June 30, 2023, the District's proportion was 0.2654 percent, which was a decrease of 0.0182 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$3,754,524. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 42,675	\$ -
Changes in Assumptions	3,523,000	-
Net difference between projected and actual contributions made	-	269,768
Net difference between projected and actual earnings on pension plan investments	-	2,002,000
Difference between expected and actual experience	-	967,000
Changes in proportion of the Net Pension Liability	-	9,682,000
District contributions subsequent to the measurement date	12,208,070	-
Total	<u>\$ 15,773,745</u>	<u>\$ 12,920,768</u>

\$12,208,070 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2023	\$ (3,689,000)
2024	(3,175,089)
2025	(5,279,015)
2026	2,782,252
Thereafter	<u>5,759</u>
Total	<u>\$ (9,355,093)</u>

Changes in Actuarial Assumptions

The Total Pension Liability as of June 30, 2022, was determined by rolling forward the System's Total Pension Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.75%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

**Pleasant Valley School District
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- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

**Pleasant Valley School District
Notes to Basic Financial Statements
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Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 152,616,000	\$ 117,993,000	\$ 88,802,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.psers.pa.gov.

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2023, the School District recognized revenue of \$7,683,025 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2023, the School District had \$4,337,508 included in accrued wages liability, of which \$2,890,622 is for the contractually required contribution for the second quarter of 2023 and \$1,446,886 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

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Notes to Basic Financial Statements
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Other Long-Term Retirement Benefits

Sabbatical/Accumulated Sick-Day Exchange Options for Health Insurance Payments Upon Retirement for Act 93 Employees.

An administrator who is eligible for a sabbatical and who has never exercised the option of prior paid sabbatical from the District may choose to exchange a sabbatical leave for a monetary/escrow upon retirement. The escrow account shall be used only for the purchase of health and/or long-term care insurance as designated by the administrator. The sabbatical exchange escrow is calculated by determining the cost difference between the total cost of an administrative sabbatical and continuous employment in the district. A replacement administrator's salary shall be determined at 10% less than the incumbent administrator.

We have estimated a long-term liability of \$1,102,812, shown under the governmental activities column on the government-wide Statement of Net Position as of June 30, 2023.

Other Post-Employment Benefits

Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies

Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

Pleasant Valley School District
Notes to Basic Financial Statements
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For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:

- Attain Medicare eligibility with 24 ½ or more eligibility points, or
- Have 15 or more eligibility points and terminated after age 67, and
- Have received all or part of their distributions

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program.

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023, was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$266,862 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At June 30, 2023, the District reported a liability of \$4,894,177 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.2652 percent, which was a decrease of 0.0185 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$15,753. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Pleasant Valley School District
Notes to Basic Financial Statements
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<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 2,049	\$ -
Changes in Assumptions	-	611,000
Net difference between projected and actual contributions made	-	4,591
Net difference between projected and actual investment earnings	13,000	-
Difference between expected and actual experience	19,000	-
Changes in proportion of the Net OPEB Liability	-	612,000
District contributions subsequent to the measurement date	<u>266,862</u>	<u>-</u>
Total	<u>\$ 300,911</u>	<u>\$ 1,227,591</u>

\$266,862 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2023	\$ (251,000)
2024	(224,244)
2025	(229,059)
2026	(241,194)
2027	(248,308)
Thereafter	<u>263</u>
Total	<u>\$ (1,193,542)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.

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- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020, determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected

**Pleasant Valley School District
Notes to Basic Financial Statements
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to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2022, 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 4,881,000	\$ 4,882,000	\$ 4,882,000

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	\$ 5,521,000	\$ 4,882,000	\$ 4,347,000

OPEB Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.pa.gov.

Payables to the Multiple Employer OPEB Plan

As of June 30, 2023, the School District had \$94,266 included in accrued wages liability, of which \$62,821 is for the contractually required contribution for the second quarter of 2023 and \$31,445 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

**Pleasant Valley School District
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Single Employer OPEB Plan

The following table represents Pleasant Valley School District's other post-employment benefit plan provisions:

SUMMARY OF PLAN PROVISIONS			
<i>Group</i>	<i>Eligibility</i>	<i>Coverage and Premium Sharing</i>	<i>Duration</i>
<u>I. ADMINISTRATORS</u>			
A) Retired prior to July 1, 2013	N/A – Already retired.	<ul style="list-style-type: none"> • Coverage: Medical, Dental, Prescription Drug, and Vision. • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay was \$780 for 2009-2011, \$910 for 2011-2012, and \$975 for 2012-2013. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> • Dependents: Family included. 	<p>Member – Coverage ceases upon Medicare age.</p> <p>Spouse – Coverage ceases upon the earlier of Medicare age and member Medicare age. Upon the death of a retiree, the spouse may continue coverage until Medicare age.</p>
B) Retired on or after July 1, 2013	Must have 10 years of service with the district and retire through PSERS or be eligible for Act 110/43.	<ul style="list-style-type: none"> • Coverage: Medical, Dental, Prescription Drug, and Vision. • Premium Sharing: If member has 10 years of service with the District and retires through PSERS, the district will contribute 100% of the premium rate for the member less the greater of the active co-pay at the time of retirement and the PSERS supplement. Based on the current contract, the annual active co-pay is \$1,200. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium</p> <ul style="list-style-type: none"> • Dependents: Family included. 	Same as IA
<u>II. CONFIDENTAL SECRETARIES</u>	Must have 25 years of service with the district and retire through PSERS or be eligible for Act 110/43.	<ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the district will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the current contract, the annual active co-pay is \$260. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium</p> <ul style="list-style-type: none"> • Dependents: Family included. 	Same as IA

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<i>SUMMARY OF PLAN PROVISIONS (continued)</i>			
<i>Group</i>	<i>Eligibility</i>	<i>Coverage and Premium Sharing</i>	<i>Duration</i>
<i>III. TEACHERS</i>			
A) Retired prior to July 1, 2013	N/A – Already retired	<ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the active co-pay at the time of retirement. Based on the contract, the annual active co-pay is \$780 for 2009-2011, \$910 for 2011-2012, and \$975 for 2012-2013. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> • Dependents: Family included. 	Same as IA.
B) Retired on or after July 1, 2013	Same as II	<ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 25 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the greater of the active co-pay at the time of retirement and the PSERS supplement. Based on the current contract, the annual active co-pay is \$1,200. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> • Dependents: Family included. 	Same as IA.
<i>IV. SUPPORT STAFF</i>			
A) Retired prior to July 1, 2019	Same as II	Act 110/43	Same as IA.
B) Retired on or after July 1 2019	Same as II	<ul style="list-style-type: none"> • Coverage: Medical, Dental, and Prescription Drug • Premium Sharing: If member has 30 years of service with the District and retires through PSERS, the District will contribute 100% of the premium rate for the member less the greater of the active co-pay at the time of retirement and the PSERS supplement. Based on the current contract, the annual active co-pay is \$260. Dependents must pay the full premium to continue coverage. If Act 110/43, member must pay premium determined for the purpose of COBRA. <p>Upon the death of a retiree, the dependent may continue coverage by paying the full premium.</p> <ul style="list-style-type: none"> • Dependents: Family included. 	Same as IA.

Pleasant Valley School District
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Notes: Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service

Benefits Not Reflected in Valuation: Unused sick leave and sabbatical conversions are not covered under GASB No. 75. They should be accounted for GASB No. 16

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Active Participants	564
Vested Former Participants	0
Retired Participants	<u>53</u>
Total	617

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$15,972,878, was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and other inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Single Employer OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2021
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.06%
Projected salary increases	4.00% to 6.75%
Healthcare inflation rate	6.5% in 2022, 6.0% in 2023, 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis
The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.	

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in the Total OPEB Liability

	<u>2022-23</u>
Total OPEB Liability	
Service Cost	\$ 1,074,763
Interest	460,459
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in assumptions	(4,387,681)
Benefit payments	<u>(644,702)</u>
Net change in total OPEB Liability	(3,497,161)
Total OPEB Liability - beginning	<u>19,470,039</u>
Total OPEB Liability - ending	<u>\$ 15,972,878</u>
Covered employee payroll	<u>\$ 36,031,963</u>
Total OPEB Liability as a percentage of covered employee payroll	44.33%

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the School recognized OPEB expense of \$744,674. At June 30, 2023, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 2,835,717
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	4,377,180
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>610,429</u>	<u>-</u>
Total	<u>\$ 610,429</u>	<u>\$ 7,212,897</u>

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this single employer OPEB plan will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2024	\$ (790,548)
2025	(790,548)
2026	(790,548)
2027	(790,548)
2028	(790,550)
Thereafter	<u>(3,260,155)</u>
Total	<u>\$ (7,212,897)</u>

Sensitivity of the total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.06%) or 1-percentage point higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
District's proportionate share of the net OPEB liability	\$ 17,166,436	\$ 15,972,878	\$ 14,834,124

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 14,109,900	\$ 15,972,878	\$ 18,145,631

**Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES					STATEMENT OF NET POSITION		
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>	<i>Governmental & Business-Type Activities</i>		<i>Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>			<u>DR OR (CR)</u>
	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE			CURRENT YR BALANCE
Change in Proportion	\$ (9,536,917)	\$ -	\$ (603,051)	\$ (10,139,968)	Change in Proportion		\$ (10,294,000)
Current Year Contributions	11,992,036	610,429	262,140	12,864,605	Current Year Contributions		13,085,361
Change in Assumption	3,484,157	(2,835,717)	(598,930)	49,510	Change in Assumption		76,283
Diff in Projected Vs Actual Contributions	(265,767)	-	(4,515)	(270,282)	Diff in Projected Vs Actual Contributions		(274,359)
Difference in Investment Earnings	(2,083,963)	-	12,808	(2,071,155)	Difference in Investment Earnings		(1,989,000)
Diff. between Expected vs Actual Experience	(946,714)	(4,377,180)	18,748	(5,305,146)	Diff. between Expected vs Actual Experience		(5,325,180)
Diff. between Prop. Share vs Actual POS	42,675	-	2,049	44,724	Diff. between Prop. Share vs Actual POS		44,724
Net Pension Liability	\$ 114,476,187	\$ -	\$ -	\$ 114,476,187	Net Pension Liability		\$ 116,504,947
Net OPEB Liability	\$ -	\$ 15,972,878	\$ 4,822,391	\$ 20,795,269	Net OPEB Liability		\$ 20,867,055
BUSINESS-TYPE ACTIVITIES					RECONCILIATION TO FINANCIAL STATEMENTS		
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>	<i>Governmental</i>		<i>Business-Type</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>			<u>Activities</u>
	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE	CURRENT YR BALANCE			<u>Activities</u>
Change in Proportion	\$ (145,083)	\$ -	\$ (8,949)	\$ (154,032)	<i>Pension Plan</i>		
Current Year Contributions	216,034	-	4,722	220,756	Net Pension Liability	\$ 114,476,187	\$ 2,028,760
Change in Assumption	38,843	-	(12,070)	26,773	Deferred Outflow Related to Pension	(15,518,868)	(336,840)
Diff in Projected Vs Actual Contributions	(4,001)	-	(76)	(4,077)	Deferred Inflows Related to Pension	12,833,361	169,370
Difference in Investment Earnings	81,963	-	192	82,155	Total liab. Net deferred inflows/outflows	\$ 111,790,680	\$ 1,861,290
Diff. between Expected vs Actual Experience	(20,286)	-	252	(20,034)	<i>OPEB - Single & Multiple Employer Plans</i>		
Diff. between Prop. Share vs Actual POS	-	-	-	-	Net OPEB Liability	\$ 20,795,269	\$ 71,786
Net Pension Liability	\$ 2,028,760	\$ -	\$ -	\$ 2,028,760	Deferred Outflows Related to OPEB	(906,174)	(5,166)
Net OPEB Liability	\$ -	\$ -	\$ 71,786	\$ 71,786	Deferred Inflows Related to OPEB	8,419,393	21,095
					Total liab. Net deferred inflows/outflows	\$ 28,308,488	\$ 87,715

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

Other Employee Benefits

Employee Medical Insurance

The Pleasant Valley School District is one of the ten members comprising the Employee Benefit Trust of Eastern Pennsylvania. Trustees, acting as representatives of the members, manage the schedule of benefits as determined by respective members, ensure the trust is adequately funded, review claims administration and obtain excess catastrophe insurance. The Trustees have appointed independent consultants to provide the administrative services for the Trust. The accountability for the Trust's fiscal matters remains with the Board of Trustees. The Trust owes \$4,438,149, to the District as of June 30, 2023, for excess premiums paid.

Note 6 - Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury, auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The premiums for the District's worker's compensation policy is a retrospectively rated policy, the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received or paid by the District are recorded as revenue or expenditures (expenses) in the subsequent year.

Note 7 - Fund Balance Allocations

Restricted Fund Balance

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$8,543,147 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes. In addition, the debt covenant on previous bond issues restrict the proceeds shown in the balance of \$2,715,636, at year end within this fund is considered restricted.

Nonspendable Fund Balance

The General Fund Balance had \$102,267 in nonspendable fund balance at June 30, 2023.

Committed Fund Balance

The governing body (Board of School Directors) has committed \$8,321,296 for future capital needs, and \$6,000,000 for tax rate stabilization.

Assigned Fund Balance

The General Fund has \$8,666,717 in assigned fund balance. \$3,666,717 is assigned for PSERS rate stabilization, \$2,000,000 for Special Education, \$1,500,000 Healthcare, and \$1,500,000 for Charter/Cyber costs.

Note 8 - Restricted Net Position

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$73,873,700, unspent proceeds of \$2,715,636, with related debt of \$8,714,088, which includes unamortized bonds discounts, and premiums. The business-type activities column reflects \$152,039 invested in capital assets with no related debt. The governmental activities also restricted \$8,543,147 for capital projects.

Pleasant Valley School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2023

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2023.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District, except for the following:

Note 10 – New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* - The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences* - The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

**REQUIRED
SUPPLEMENTAL INFORMATION**

**PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.2654%	0.2836%	0.2951%	0.3003%	0.3032%	0.3094%	0.3044%	0.3028%	0.3129%
District's proportionate share of the net pension liability (asset)	\$ 117,993,000	\$ 116,437,000	\$ 145,304,000	\$ 140,488,000	\$ 145,551,000	\$ 152,808,000	\$ 150,851,000	\$ 131,159,000	\$ 123,848,000
District's covered employee payroll	35,581,667	38,744,073	40,310,773	42,679,617	41,435,834	40,808,182	39,813,278	39,351,697	38,943,017
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	331.61%	300.53%	360.46%	329.17%	351.27%	374.45%	378.90%	333.30%	318.02%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Contractually required contribution	\$ 12,208,070	\$ 13,227,226	\$ 13,580,699	\$ 14,276,332	\$ 13,508,082	\$ 12,952,517	\$ 11,625,477	\$ 9,837,925	\$ 7,983,318	\$ 5,744,937
Contributions in relation to the contractually required contribution	<u>12,208,070</u>	<u>13,227,226</u>	<u>13,580,699</u>	<u>14,276,332</u>	<u>13,508,082</u>	<u>12,952,517</u>	<u>11,625,477</u>	<u>9,837,925</u>	<u>7,983,318</u>	<u>5,744,937</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 35,581,667	\$ 38,744,073	\$ 40,310,773	\$ 42,679,617	\$ 41,435,834	\$ 40,808,182	\$ 39,813,278	\$ 39,351,697	\$ 38,943,017	\$ 35,905,855
Contributions as a percentage of covered employee payroll	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%

PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.2652%	0.2837%	0.2960%	0.3003%	0.3032%	0.3094%	0.3044%
District's proportionate share of the net OPEB liability (asset)	\$ 4,882,000	\$ 6,725,000	\$ 6,396,000	\$ 6,387,000	\$ 6,322,000	\$ 6,304,000	\$ 6,557,000
District's covered-employee payroll	39,000,065	40,224,599	40,310,773	42,679,617	41,435,834	40,808,182	39,813,278
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	12.52%	16.72%	15.87%	14.96%	15.26%	15.45%	16.47%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

PLEASANT VALLEY SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS
 MULTIPLE EMPLOYER OPEB PLAN
 CUMULATIVE TEN FISCAL YEARS REPORT
 FOR THE YEAR ENDED JUNE 30, 2023

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>
Contractually required contribution	\$ 266,862	\$ 309,953	\$ 330,548	\$ 358,509	\$ 343,917	\$ 338,708	\$ 330,450	\$ 330,554	\$ 350,488	\$ 333,927
Contributions in relation to the contractually required contribution	<u>266,862</u>	<u>309,953</u>	<u>330,548</u>	<u>358,509</u>	<u>343,917</u>	<u>338,708</u>	<u>330,450</u>	<u>330,554</u>	<u>350,488</u>	<u>333,927</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 35,581,667	\$ 38,744,073	\$ 40,310,773	\$ 42,679,617	\$ 41,435,834	\$ 40,808,182	\$ 39,813,278	\$ 39,351,697	\$ 38,943,017	\$ 35,905,855
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%	0.93%

**PLEASANT VALLEY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability						
Service Cost	\$ 1,074,763	\$ 1,442,902	\$ 1,037,279	\$ 1,083,811	\$ 1,019,133	\$ 995,141
Interest	460,459	456,080	690,599	629,634	633,409	462,423
Changes in Benefit Terms	-	-	-	807,536	-	(62,238)
Difference between expected and actual experience	-	(4,595,107)	-	(1,688,821)	-	821,942
Changes in assumptions	(4,387,681)	(580,054)	2,565,698	(585,927)	7,130	264,306
Benefit payments	<u>(644,702)</u>	<u>(722,900)</u>	<u>(743,442)</u>	<u>(811,872)</u>	<u>(856,706)</u>	<u>(820,379)</u>
Net change in total OPEB Liability	(3,497,161)	(3,999,079)	3,550,134	(565,639)	802,966	1,661,195
Total OPEB Liability - beginning	<u>19,470,039</u>	<u>23,469,118</u>	<u>19,918,984</u>	<u>20,484,623</u>	<u>19,681,657</u>	<u>18,020,462</u>
Total OPEB Liability - ending	<u>\$ 15,972,878</u>	<u>\$ 19,470,039</u>	<u>\$ 23,469,118</u>	<u>\$ 19,918,984</u>	<u>\$ 20,484,623</u>	<u>\$ 19,681,657</u>
Covered employee payroll	<u>\$ 36,031,963</u>	<u>\$ 36,031,963</u>	<u>\$ 39,326,245</u>	<u>\$ 39,326,245</u>	<u>\$ 37,098,830</u>	<u>\$ 37,098,830</u>
Total OPEB Liability as a percentage of covered employee payroll	44.33%	54.04%	59.68%	50.65%	55.22%	53.05%

**Pleasant Valley School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2023**

Public School Employees' Retirement System

Changes of Benefit Terms

None.

Changes in Assumptions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Valuation Date -- June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00% includes inflation at 2.75%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 to and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Proportionate Share of the Net Pension Liability

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Post-Employment Benefits – Teachers Health Insurance Assistance

Changes of Benefit Terms

None.

Changes in Assumptions

The discount rate used to measure the Total OPEB liability decreased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

**Pleasant Valley School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2023**

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.5%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The Following Assumptions Were Used to Determine the Contribution Rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Proportionate Share of the Net OPEB Liability

The amount reported as the District's proportionate share of the net opeb liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Post-Employment Benefits – Single Employer Healthcare Plan

Changes of Benefit Terms

None.

Changes in Assumptions

The discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal, and retirement were updated based on new PSERS assumptions.

Pleasant Valley School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2023

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 4.08% to 5.25%
- Healthcare cost trend rate – 6.5% in 2022, 6.0% in 2023 and 5.5% in 2024-25. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 4.06% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

S U P P L E M E N T A L I N F O R M A T I O N S E C T I O N

Pleasant Valley School District
Combining Balance Sheet
All Capital Project Funds
As of June 30, 2023

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 4,062,306	\$ 2,774,780	\$ 6,837,086
Due from Other Funds	4,480,841	-	4,480,841
TOTAL ASSETS	8,543,147.00	2,774,780.00	11,317,927.00
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 8,543,147	\$ 2,774,780	\$ 11,317,927
 <u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ 59,144	\$ 59,144
TOTAL LIABILITIES	-	59,144	59,144
<u>DEFERRED INFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	59,144	59,144
 FUND BALANCES:			
Restricted Fund Balance	8,543,147	2,715,636	11,258,783
TOTAL FUND BALANCES	8,543,147	2,715,636	11,258,783
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 8,543,147	\$ 2,774,780	\$ 11,317,927

Pleasant Valley School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2023

	CAPITAL RESERVE FUND	CONSTRUCTION FUND	TOTAL CAPITAL PROJECT FUNDS
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Local Sources	\$ 160,446	\$ 105,765	\$ 266,211
TOTAL REVENUES	<u>160,446</u>	<u>105,765</u>	<u>266,211</u>
	-----	-----	-----
EXPENDITURES			
Support Services	-	3,254	3,254
Capital Outlay	39,452	239,721	279,173
TOTAL EXPENDITURES	<u>39,452</u>	<u>242,975</u>	<u>282,427</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>120,994</u>	<u>(137,210)</u>	<u>(16,216)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	4,480,841	-	4,480,841
TOTAL OTHER FINANCING SOURCES AND USES	<u>4,480,841</u>	<u>-</u>	<u>4,480,841</u>
NET CHANGE IN FUND BALANCES	4,601,835	(137,210)	4,464,625
FUND BALANCES - BEGINNING	<u>3,941,312</u>	<u>2,852,846</u>	<u>6,794,158</u>
FUND BALANCES - ENDING	<u>\$ 8,543,147</u>	<u>\$ 2,715,636</u>	<u>\$ 11,258,783</u>

**Pleasant Valley School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2023**

	<u>CHESTNUTHILL TOWNSHIP</u>	<u>ELDRED TOWNSHIP</u>	<u>POLK TOWNSHIP</u>	<u>ROSS TOWNSHIP</u>	<u>TOTAL</u>
<u>CURRENT REAL ESTATE TAXES</u>					
Assessed Value	\$ 1,147,305,870	\$ 215,040,853	\$ 545,788,240	\$ 378,912,710	\$ 2,287,047,673
Millage Rate	0.0246359	0.0246359	0.0246359	0.0246359	0.024636
Total Tax to be Collected	28,264,913	5,297,725	13,465,441	9,348,081	56,376,160
Less: Act 1 Deduction	2,491,899	458,293	1,229,104	945,076	5,124,372
Total Taxable Duplicate	25,773,014	4,839,432	12,236,337	8,403,005	51,251,788
PLUS - Additions	1,254	19,334	360	2,406	23,354
Penalties	43,655	13,434	34,979	23,560	115,628
TOTAL TAXES TO BE COLLECTED	<u>25,817,923</u>	<u>4,872,200</u>	<u>12,271,676</u>	<u>8,428,971</u>	<u>51,390,770</u>
LESS: Discounts	440,226	97,783	201,223	139,819	879,051
Reductions	-	-	-	-	-
Refunds	11,843	113	3,735	9,299	24,990
2.636 Mill Library Tax	284,442	53,788	131,748	95,011	564,989
Returned to County	1,133,449	183,946	638,204	291,705	2,247,304
Upset Sales	-	-	-	-	-
Exonerations	11,502	1,111	-	1,305	13,918
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 23,936,461</u>	<u>\$ 4,535,459</u>	<u>\$ 11,296,766</u>	<u>\$ 7,891,832</u>	<u>\$ 47,660,518</u>
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	<u>\$ 40,018</u>	<u>\$ 17,258</u>	<u>\$ 99,783</u>	<u>\$ 21,474</u>	<u>\$ 178,533</u>

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

<u>6000 - Revenue from Local Sources</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111 Current Real Estate Taxes	\$ 47,242,504	\$ 47,660,518	\$ 418,014
6112 Interim Real Estate Taxes	50,000	178,533	128,533
6113 Public Utility	40,000	51,358	11,358
6114 Payment in Lieu of Taxes	-	6,853	6,853
6151 Earned Income Tax	3,200,000	4,092,236	892,236
6153 Real Estate Transfer Tax	500,000	912,664	412,664
6411 Delinquent Real Estate Taxes	2,000,000	2,798,291	798,291
6451 Delinquent Earned Income Taxes	140,000	221,350	81,350
6510 Interest	25,000	1,984,675	1,959,675
6710 Admissions	-	30,887	30,887
6740 Fees	-	5,286	5,286
6790 Other Student Activity Income	20,000	1,246	(18,754)
6832 Federal IDEA Revenue Received as Pass Through	700,000	695,906	(4,094)
6833 Federal ARP IDEA Revenue Received as Pass Through	-	139,275	139,275
6910 Rentals	100,000	336,626	236,626
6920 Contributions	15,000	125,931	110,931
6942 Summer School	-	50	50
6944 Receipts from Other LEA's - Education	50,000	44,529	(5,471)
6949 Other Tuition from Patrons	-	150	150
6970 Services Provided Other Funds	350,000	156,156	(193,844)
6990 Miscellaneous	75,000	1,105	(73,895)
6991 Refunds of Prior Yr. Expenditures	-	131,219	131,219
6992 Energy Efficiency Revenues	-	18,676	18,676
	<u>54,507,504.00</u>	<u>59,593,520.00</u>	<u>5,086,016.00</u>
<u>7000 - Revenue from State Sources</u>			
7111 Basic Education Funding - Formula	24,000,000	23,819,983	(180,017)
7112 Basic Education Funding - Social Security	1,800,000	1,567,344	(232,656)
7160 Orphan Tuition	400,000	240,601	(159,399)
7271 Special Education	4,151,287	4,323,802	172,515
7311 Transportation (Regular and Additional)	2,700,000	2,789,341	89,341
7312 Transportation (Nonpublic and Charter School)	30,000	46,200	16,200
7330 Health Services	75,000	71,364	(3,636)
7340 State Property Tax Allocation Reduction	5,131,909	5,131,909	-
7362 School Mental Health & Safety and Security Grants	-	112,346	112,346
7369 Other Safe Schools Grants	-	24,875	24,875
7505 Ready to Learn Grant	1,021,000	3,521,256	2,500,256
7820 Retirement Revenue	6,500,000	7,546,699	1,046,699
	<u>45,809,196</u>	<u>49,195,720</u>	<u>3,386,524</u>
<u>8000 - Revenue from Federal Source</u>			
8514 Title I	780,000	733,231	(46,769)
8515 Title II	130,000	129,543	(457)
8516 Title III	15,000	16,818	1,818
8517 Title IV	55,000	61,670	6,670
8741 ESSER I	-	-	-
8743 ESSER II	-	1,058,146	1,058,146
8744 ARP ESSER III	-	474,320	474,320
8751 ARP ESSER Learning Loss	-	148,781	148,781
8752 ARP ESSER Summer Programs	-	33,128	33,128
8753 ARP ESSER Afterschool Programs	-	63,333	63,333
8810 Medical Assistance Reimbursements (Access)	781,121	530,378	(250,743)
8820 Medical Assistance Reimbursement for Health-Related	25,000	31,374	6,374
	<u>\$ 1,786,121</u>	<u>\$ 3,280,722</u>	<u>\$ 1,494,601</u>

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

<u>9000 - Other Financing Sources</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
9220 Proceeds from Leases	\$ -	\$ 1,068,982	\$ 1,068,982
TOTAL OTHER FINANCING SOURCES	-	1,068,982	1,068,982
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 102,102,821	\$ 113,138,944	\$ 11,036,123

<u>1000 - Instruction</u>			
1110 Regular Programs - Elem./Secondary	\$ 38,839,011	\$ 38,711,047	\$ 127,964
1190 Federally Funded Regular Programs	899,756	899,756	-
1211 Life Skills Support - Public	1,055,771	859,228	196,543
1221 Deaf or Hearing Impaired Support	200	-	200
1241 Learning Support - Public	15,694,516	15,694,516	-
1243 Gifted Support	547,909	547,909	-
1290 Other Support	88,837	88,837	-
1341 Agricultural Education	678,762	383,714	295,048
1350 Industrial Arts Education	581,781	581,781	-
1360 Business Education	331,812	266,487	65,325
1390 Other Vocational Education Programs	1,950,000	1,641,789	308,211
1410 Drivers' Education	20,636	-	20,636
1420 Summer School	41,383	41,383	-
1430 Homebound Instruction	27,570	5,741	21,829
1442 Alternative Education Programs	490,000	206,977	283,023
1500 Nonpublic School Programs	16,182	16,182	-
Total Instruction	61,264,126	59,945,347	1,318,779

<u>2000 - Support Services</u>			
2120 Guidance Services	2,284,268	2,120,060	164,208
2130 Attendance Services	322,641	215,688	106,953
2142 Psychological Services	687,135	460,807	226,328
2151 Supervision of Speech Pathology and Audiology	1,027,986	1,027,986	-
2160 Social Work Services	107,436	91,430	16,006
2170 Student Accounting Services	134,037	134,037	-
2190 Other Pupil Personnel Services	2,500	1,198	1,302
2220 Technology Support Services	4,450	964	3,486
2240 Computer Assisted Instruction Services	700	-	700
2250 School Library Services	758,942	733,702	25,240
2260 Instructional & Curriculum Dev. Service	1,167,896	988,854	179,042
2270 Instructional Staff Development Services	3,000	2,783	217
2271 Instructional Staff Development Services (Certified)	168,300	99,853	68,447
2272 Instructional Staff Development Services (Non-Certified)	23,500	3,999	19,501
2290 Other Instructional Staff Services	175,052	174,943	109
2310 Board Services	362,224	214,741	147,483
2330 Tax Assessment & Collection Service	273,726	273,726	-
2350 Legal Services	320,000	210,451	109,549
2360 Office of the Superintendent Services	805,145	769,901	35,244
2380 Office of the Principal Services	2,499,330	2,431,251	68,079
2420 Medical Services	9,650	3,039	6,611
SUB-TOTAL SUPPORT SERVICES (Carried Over)	\$ 11,137,918	\$ 9,959,413	\$ 1,178,505

**Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL SUPPORT SERVICES (Carried Forward)	\$ 11,137,918	\$ 9,959,413	\$ 1,178,505
2430 Dental Services	2,600	-	2,600
2440 Nursing Services	872,604	856,529	16,075
2511 Supervision of Fiscal Services	256,230	83,475	172,755
2512 Budgeting Services	148,899	148,899	-
2513 Receiving and Disbursing Funds Services	96,093	85,770	10,323
2514 Payroll Services	221,851	221,851	-
2515 Financial Accounting Services	276,407	260,638	15,769
2519 Other Fiscal Services	277,994	277,994	-
2540 Printing, Publishing and Duplicating Services	475,000	271,271	203,729
2611 Supervision of Operation and Maintenance of Plant Services - Hea	270,637	269,700	937
2619 Supervision of Operation and Maintenance of Plant Services	125,974	113,186	12,788
2620 Operation of Building Services	8,459,848	8,459,848	-
2660 Security Services	1,818,771	1,818,771	-
2711 Supervision of Student Transportation Services - Head	71,185	71,185	-
2720 Vehicle Operation Services	8,225,929	8,225,929	-
2750 Non-Public Transportation	552,469	417,127	135,342
2818 System-Wide Technology Services	2,096,199	2,096,199	-
2831 Supervision of Staff Services	400,536	400,536	-
2833 Staff Accounting Services	51,401	51,401	-
2834 Staff Development Services - Non-Instructional, Certified	403	403	-
2836 Staff Development Services - Non-Instructional, Non-Certified	7,000	3,748	3,252
2900 Other Support Services	35,000	25,699	9,301
	<u>35,880,948</u>	<u>34,119,572</u>	<u>1,761,376</u>
Total Support Services	35,880,948	34,119,572	1,761,376
<u>3000 - Operation of Non-Instructional Services</u>			
3210 School Sponsored Student Activities	335,641	281,692	53,949
3250 School Sponsored Athletics	1,126,551	1,126,551	-
3300 Community Services	17,527	17,527	-
	<u>1,479,719</u>	<u>1,425,770</u>	<u>53,949</u>
Total Non-Instructional Services	1,479,719	1,425,770	53,949
<u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>			
4600 Existing Building Improvement Services	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Total Facilities Acquisition, Construction, and Improvement Services	-	-	-
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	1,200,300	1,200,288	12
5130 Refund of Prior Year Receipts	12,629	12,629	-
5140 Lease Payments	465,099	465,099	-
5230 Capital Projects Funds Transfers Out	1,800,000	4,480,841	(2,680,841)
5251 Food Service Fund Transfers Out	-	-	-
5900 Budgetary Reserve	-	-	-
	<u>3,478,028</u>	<u>6,158,857</u>	<u>(2,680,829)</u>
Total Other Expenditures and Financing Uses	3,478,028	6,158,857	(2,680,829)
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 102,102,821	\$ 101,649,546	\$ 453,275

Pleasant Valley School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 102,102,821	\$ 113,138,944	\$ 11,036,123
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>102,102,821</u>	<u>101,649,546</u>	<u>453,275</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	11,489,398	11,489,398
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	-	11,489,398	11,489,398
FUND BALANCE - JULY 1, 2022	<u>14,831,841</u>	<u>18,620,946</u>	<u>3,789,105</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 14,831,841</u>	<u>\$ 30,110,344</u>	<u>\$ 15,278,503</u>

**Pleasant Valley School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023**

REVENUES

School Lunches	\$ 211,792	
State Subsidy Revenue	181,951	
Donated Commodities	168,995	
Federal Subsidies	1,663,289	
Capital Contributions	54,844	
Interest	15,962	
FICA Revenue	30,084	
Retirement Revenue	136,326	
Miscellaneous	19,609	
Rebates	5,569	
TOTAL REVENUES	<u>2,488,421</u>	\$ 2,488,421

COST OF FOOD AND COMMODITIES

920,154

GROSS PROFIT

1,568,267

OPERATING EXPENSES

Salaries	632,994	
Social Security	48,132	
Retirement	60,569	
Medical Insurance	178,243	
Dental Insurance	8,882	
Prescription Benefits	34,323	
Life Insurance	1,078	
Other Benefits	55,609	
Support Services - Technology	11,864	
Travel	1,281	
Supplies	92,001	
Rentals	451	
Fees	330	
Uniforms	10	
Repairs and Maintenance	4,934	
Depreciation	25,718	
TOTAL EXPENSES	<u>1,156,419</u>	1,156,419

CHANGES IN FUND NET POSITION

411,848

FUND NET POSITION - JULY 1, 2022

(1,407,955)

FUND NET POSITION - JUNE 30, 2023

\$ (996,107)

**Pleasant Valley School District
Construction Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ 2,852,846
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Earnings on Investments	\$ 105,765	
TOTAL REVENUES AND OTHER FINANCING SOURCES		<u>105,765</u>
TOTAL FUNDS AVAILABLE		2,958,611
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
SUPPORT SERVICES:		
Professional Services	2,454	
Other Purchased Property Services	800	
CAPITAL OUTLAY:		
Professional Services	<u>239,721</u>	<u>242,975</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 2,715,636</u>

**Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ 3,941,312
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Earnings on Investments	\$ 160,446	
Transfer from General Fund	<u>4,480,841</u>	<u>4,641,287</u>
TOTAL FUNDS AVAILABLE		8,582,599
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
CAPITAL OUTLAY		
Professional Fees	<u>39,452</u>	<u>39,452</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 8,543,147</u>

**Western Pocono Library Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ -
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Current Real Estate Taxes	\$ 564,989	
Interim Real Estate Taxes	1,920	
Delinquent Real Estate Taxes	<u>30,265</u>	<u>597,174</u>
TOTAL FUNDS AVAILABLE		\$ 597,174
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
Noninstructional Services:		
Public Library Services		<u>597,174</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ -</u>

**Pleasant Valley School District
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023**

ADDITIONS

Contributions	\$ 11,343	
Interest Income	130	
TOTAL ADDITIONS		\$ 11,473

DEDUCTIONS

Awards	5,250	
TOTAL DEDUCTIONS		5,250

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION 6,223

FUND NET POSITION - JULY 1, 2022 69,134

FUND NET POSITION - JUNE 30, 2023 \$ 75,357

**Private-Purpose Trust Fund
Statement of Fiduciary Net Position
As of June 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 65,741	
Investments	9,600	
Other Receivables	16	
TOTAL ASSETS		\$ 75,357

LIABILITIES

Accounts Payable	-	
TOTAL LIABILITIES		-

NET POSITION

Restricted for Individuals, Organizations, and Other Governments		75,357
TOTAL LIABILITIES AND FUND NET POSITION		\$ 75,357

**Pleasant Valley School District
Student Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023**

ADDITIONS

Interest Income	\$ 1,568	
Student Organization Membership Dues and Fees	2,075	
Student Fees	54,443	
Special Events	88,325	
Contributions/Donations	2,365	
Other Activitiy Income	33,806	
TOTAL ADDITIONS		\$ 182,582

DEDUCTIONS

Professional and Technical Services	6,880	
Rentals	33,029	
Transportation Services	24,327	
Travel	18,108	
General Supplies	85,438	
Food	13,035	
Dues & Fees	40,386	
Donations	11,668	
Miscellaneous Expenses	3,508	
TOTAL DEDUCTIONS		<u>236,379</u>

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION (53,797)

FUND NET POSITION - JULY 1, 2022 202,670

FUND NET POSITION - JUNE 30, 2023 \$ 148,873

**Student Activity Fund
Statement of Fiduciary Net Position
As of June 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 153,284	
Other Current Assets	-	
TOTAL ASSETS		<u>\$ 153,284</u>

LIABILITIES

Accounts Payable	\$ 3,530	
Other Current Liabilities	881	4,411
TOTAL LIABILITIES		

NET POSITION

Restricted for Individuals, Organizations, and Other Governments		<u>148,873</u>
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TOTAL LIABILITIES AND FUND NET POSITION \$ 153,284

Pleasant Valley School District
Schedule on General Obligation Bonds - Series of 2012
Dated as of March 1, 2012
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 27,075	\$ 285,000
2024-25	19,887	290,000
2025-26	12,325	300,000
2026-27	4,194	305,000
TOTAL OUTSTANDING	\$ 63,481	\$ 1,180,000

Schedule on General Obligation Bonds - Series of 2018
Dated as of July 19, 2018
For the Year Ended June 30, 2023

	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 288,000	\$ 600,000
2024-25	264,000	625,000
2025-26	239,000	650,000
2026-27	213,000	675,000
2027-28	186,000	700,000
2028-29	158,000	730,000
2029-30	128,800	760,000
2030-31	98,400	790,000
2031-32	66,800	820,000
2032-33	34,000	850,000
TOTAL OUTSTANDING	\$ 1,676,000	\$ 7,200,000

S I N G L E A U D I T S E C T I O N

**Pleasant Valley School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/1/22	REVENUE	EXPENDITURES	ACCRUED OR (DEFERRED) AT 6/30/23	FOOT- NOTES
U.S. DEPARTMENT OF EDUCATION											
<u>PASSED THROUGH THE PA DEPARTMENT OF EDUCATIONS (PDE)</u>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-0342	07/01/21-09/30/22	\$ 776,472	\$ 165,417	\$ 160,230	\$ 5,187	\$ 5,187	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0342	07/01/22-09/30/23	\$ 757,956	555,843	-	728,044	728,044	172,201	2
TOTAL TITLE I PROGRAM						721,260	160,230	733,231	733,231	172,201	
<u>PASSED THROUGH THE PDE</u>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-0342	07/01/21-09/30/22	\$ 135,017	31,897	31,897	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0342	07/01/22-09/30/23	\$ 129,543	93,135	-	129,543	129,543	36,408	2
TOTAL TITLE II PROGRAM						125,032	31,897	129,543	129,543	36,408	
<u>PASSED THROUGH THE PDE</u>											
TITLE III - LANGUAGE INSTRUCTION	I	84.365	FA-010-22-0342	07/01/21-09/30/22	\$ 15,702	2,262	1,371	891	891	-	2
TITLE III - LANGUAGE INSTRUCTION	I	84.365	FA-010-23-0342	07/01/22-09/30/23	\$ 17,006	13,072	-	15,927	15,927	2,855	2
TOTAL TITLE III PROGRAM						15,334	1,371	16,818	16,818	2,855	
<u>PASSED THROUGH THE PDE</u>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0342	07/01/21-09/30/22	\$ 57,429	3,860	(1,100)	4,960	4,960	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0342	07/01/22-09/30/23	\$ 60,290	57,434	-	56,710	56,710	(724)	2
TOTAL TITLE IV PROGRAM						61,294	(1,100)	61,670	61,670	(724)	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 ESSER FUND - ESSER II	I	84.425D	FA-200-21-0342	03/13/20 - 09/30/23	\$ 2,819,991	1,422,569	357,185	1,058,146	1,058,146	(7,238)	2
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP ESSER)	I	84.425U	223-21-0342	03/13/20 - 09/30/24	\$ 5,704,025	829,676	(482,220)	474,320	474,320	(837,576)	2
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0342	03/13/20 - 09/30/24	\$ 316,664	63,333	(17,273)	148,781	148,781	68,175	2
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0342	03/13/20 - 09/30/24	\$ 63,333	12,667	16,306	33,128	33,128	36,767	2
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0342	03/13/20 - 09/30/24	\$ 63,333	12,667	(3,455)	63,333	63,333	47,211	2
COVID-19 ARP-ESSER -HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2345	07/01/21 - 09/30/24	\$ 38,296	1,964	(1,964)	-	-	(3,928)	2
TOTAL EDUCATION STABILIZATION FUND UNDER THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT						2,342,876	(131,421)	1,777,708	1,777,708	(696,589)	
<u>PASSED THROUGH THE COLONIAL I.U. #20</u>											
IDEA, PART B	I	84.027	N/A	07/01/21 - 06/30/22	\$ 627,244	432,388	391,007	41,381	41,381	-	1,5
IDEA, PART B	I	84.027	N/A	07/01/22 - 06/30/23	\$ 679,180	327,206	-	650,385	650,385	323,179	1
IDEA, PART B - TRANSITION DISCOVERIES	I	84.027	N/A	12/01/21 - 06/30/22	\$ 7,500	3,750	3,750	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	07/01/22 - 06/30/23	\$ 4,140	4,140	-	4,140	4,140	-	1
COVID-19 ARP IDEA	I	84.027X	N/A	07/01/21 - 09/30/23	\$ 181,597	74,716	-	139,275	139,275	64,559	1
TOTAL IDEA CLUSTER						842,200	394,757	835,181	835,181	387,738	
TOTAL U.S. DEPARTMENT OF EDUCATION						4,107,996	455,734	3,554,151	3,554,151	(98,111)	

SOURCE: D -DIRECT; I -INDIRECT

**Pleasant Valley School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/1/22	REVENUE	EXPENDITURES	ACCRUED OR (DEFERRED) AT 6/30/23	FOOT- NOTES
U. S. DEPARTMENT OF HEALTH & HUMAN SERVICES											
PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE											
TITLE 19 MEDICAL REIMBURSEMENT	I	93.778	N/A	10/01/22-09/30/23	N/A	-	29,373	31,374	31,374	60,747	2
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						-	29,373	31,374	31,374	60,747	
U.S. DEPT. OF AGRICULTURE											
PASSED THROUGH THE PDE											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/21-06/30/22	N/A	224,575	224,575	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/22-06/30/23	N/A	1,252,780	-	1,252,780	1,252,780	-	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	108,098	-	108,098	108,098	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	07/01/21-06/30/22	N/A	42,941	42,941	-	-	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	07/01/22-06/30/23	N/A	301,783	-	301,783	301,783	-	
PASSED THROUGH THE DEPARTMENT OF AGRICULTURE											
NATIONAL SCHOOL LUNCH PROGRAM - USDA COMMODITIES	I	10.555	N/A	07/01/22-06/30/23	N/A	169,141	(8,598)	168,995	168,995	(8,744)	2 3
TOTAL CHILD NUTRITION CLUSTER						2,099,318	258,918	1,831,656	1,831,656	(8,744)	
PASSED THROUGH THE PDE											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	628	-	628	628	-	2
TOTAL U.S. DEPARTMENT OF AGRICULTURE						2,099,946	258,918	1,832,284	1,832,284	(8,744)	
TOTAL FEDERAL FINANCIAL AWARDS						<u>\$ 6,207,942</u>	<u>\$ 744,025</u>	<u>\$ 5,417,809</u>	<u>\$ 5,417,809</u>	<u>\$ (46,108)</u>	

SOURCE: D -DIRECT; I -INDIRECT

**Pleasant Valley School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Pleasant Valley School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Pleasant Valley School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Pleasant Valley School District.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the budgetary basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by generally accepted accounting principles.

Note 3 - Organization and Scope

The District recognized 3.6% of its total general fund revenue in federal awards, and 73.6% of its total enterprise fund revenue.

Note 4 - Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 5 - Program Disclosure – Footnotes

1. The federal awards passed through the Colonial I.U., under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	10,955,057	4,382,259
Colonial I.U.	1,499,661	835,181
PA Department of Public Welfare	N/A	31,374
PA Department of Agriculture	N/A	168,995
Totals	\$ 12,454,718	\$ 5,417,809

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$169,141, in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2022-23 fiscal year, the District used \$168,995 in commodities and established a year-end inventory of \$8,744 at June 30, 2023.

**Pleasant Valley School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

4. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.
5. Of the \$41,381 of expenditures reported for the IDEA Part B grant, \$40,561 were incurred in the prior year.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 3,280,722
Federal Grants in Local Sources	835,181
Food Service Fund Federal Revenue	<u>1,832,284</u>
Total Federal Revenue, per financial statements	5,948,187
Less: Medical Access Reimbursement	(530,378)
Total Federal Revenue Reported on SEFA	<u>\$ 5,417,809</u>



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheads ville, PA 18322

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Pleasant Valley School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Pleasant Valley School District's basic financial statements, and have issued our report thereon dated November 29, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pleasant Valley School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Pleasant Valley School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Pleasant Valley School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pleasant Valley School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Northampton, Pennsylvania
November 29, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of School Directors
Pleasant Valley School District
2233 Route 115
Brodheadsville, PA 18322

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pleasant Valley School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Pleasant Valley School District's major federal programs for the year ended June 30, 2023. Pleasant Valley School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Pleasant Valley School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Pleasant Valley School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Pleasant Valley School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Pleasant Valley School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Pleasant Valley School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Pleasant Valley School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Pleasant Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Pleasant Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Pleasant Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Pleasant Valley School District

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Respectfully submitted,

Norman Associates, P.C.

Northampton, Pennsylvania
November 29, 2023

**Pleasant Valley School District
Schedule of Findings and Questioned Costs
For the Year Ended on June 30, 2023**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? yes no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
84.027, 84.027X, 84.173	Special Education Cluster (IDEA)
84.425D, 84.425U, 84.425W	Education Stabilization

Percentage of programs tested to total awards 48.2%

Dollar threshold used to distinguish between type A and type B program: \$ 750,000

Auditee qualified as low-risk auditee? yes no

**Pleasant Valley School District
Schedule of Findings and Questioned Costs
For the Year Ended on June 30, 2023**

Section II - Financial Statement Findings

There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III – Findings and Questioned Costs for Federal Awards

We did not discover any findings or questioned costs on federal awards, in accordance with Uniform Guidance Section 200.516.

AUDIT FOLLOW UP PROCEDURES

We did not perform any follow-up audit procedures since there were no findings from the previous year.